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Life Insurance Edition

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February 17, 1950
54th Year, No. 7

Long Range Tax Plans for Life Insurers Debated

Ways and Means Committee Hears Adams, Klocksin, Bassford, Seefurth

By H. C. HALLAM

WASHINGTON—Various proposals for taxing life companies were discussed at length before the House ways and means committee Monday at its hearings on general tax revision legislation. The joint committee on taxation of life companies, large companies and small, the Life Insurance Assn. of America, supporters of taxation of net investment income on an industry-wide basis, and on the basis of individual companies were represented by witnesses.

The Treasury department's proposals, alternative to the stop-gap Doughton bill to collect $93 million for three years on the average valuation basis, were generally opposed by witnesses. Several of them recommended continuance of the stop-gap plan of taxation for 1950, as well as 1947-49, in order to give it a trial. However, a representative of Acacia Mutual opposed the stop-gap bill, expressing preference for taxing investment income on a company basis. Clarence C. Klocksin, Northwestern Mutual, spoke briefly, expressing the hope the industry would be given more time on tax legislation.

WASHINGTON — In view of the reaction at Monday's ways and means committee testimony of life insurance executives on problems involved in taxing the companies, insurance observers believe there is every indication the "stop-gap" Doughton bill to collect some $93 million from the companies for the years 1947-49 will be continued also for 1950.

Acquiescence of most industry representatives in this program leads these observers to believe the principles of the Doughton bill may eventually be enacted into permanent legislation. The measure would raise an estimated $50,000,000 revenue for 1950, if extended, and industry representatives predicted it would raise larger amounts in the future than indicated by the three-year yield.

Chairman Doughton brought out from a number of witnesses by direct questioning that they do not oppose the companies' paying taxes.

Reed Urges More Time

Rep. Reed, ranking Republican member of the committee, suggested at the opening of the hearing that the industry has not had sufficient time to prepare for discussion of the Treasury proposals and that the subject should be postponed to give them time to study the matter and propose permanent legislation at later hearings.

This, however, was opposed by majority members, including Doughton, Cooper, ranking Democratic member, and Lynch, chairman of the subcom-

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Notable Gains Reported in Year-End Figures

BERKSHIRE LIFE

Berkshire Life's insurance in force at Dec. 31 was $358,138,303, as against $342,478,466. New business totaled $33,346,000 as against $36,125,952. Assets are $117,443,993, up more than $7 million. A reserve of about $195,000 for federal tax under the bill pending in Congress was set up. Surplus, including a contingency fund for fluctuation of investments, increased by $1,220,536. There was allotted $832,000 for dividends during 1950. Benefit payments were $6,333,000, besides which $2,262,000 was paid from funds left on deposit. Net rate of interest earned was 3.2% as against 3.03%.

EQUITABLE SOCIETY

Equitable Society's paid-for in 1949 was $1,164,099,760, less than $6 million short of the 1947 all-time high of $1,169,773,741. Ordinary accounted for $664,800,800, $2 million below 1948, while group was at a new high of $499,298,960, including $28,916,000 issued and reinsured during the year. The 1949 average ordinary sale was $4,150. Insurance in force reached $14,115,669,405, of which $7,381,542,267 is ordinary. Benefit payments were $334,667,759, of which 65% went to living policyholders.

JOHN HANCOCK

More than 800,000 new policy contracts for over$1.1 billion were issued by John Hancock in 1949, as against $1,324,806,45 in 1948. Policy payments totaled $190,348,529. Insurance in force at the close of the year was $10,436,739,685, up more than half a billion. Assets stood at $2,696,506,366. Surplus was $192,214,917 or 7.76% of liabilities.

Dividend distribution for 1950 is $40,408,419 compared with $34,168,484 for 1949. Effective rate of interest on new investments made in 1949 was 3.34% as against 3.16%. Average net interest on total invested funds was at the rate of 2.96% as against 2.92%.

During 1949 investments of $342,627,943 were made, major classifications being industrial bonds, $126,925,811; public utility bonds, $52,830,836; U. S. governments, $11,671,406; mortgage loans, $103,018,257 and common stocks, $15,114,478.

MANHATTAN LIFE

New paid-for of Manhattan Life for 1949 totaled $30,713,618, including revivals, up 13%. Insurance in force at the end of 1949 was $221,529,769. Gain in insurance in force amounted to $12,781,626, as against $11,355,254.

MUTUAL LIFE

Mutual Life's net gain for 1949 was $30,677,200, an increase of $1,613,900 over the 1948 gain. The net figure is after all benefit payments, operating expenses and other charges but before dividends to policyholders. Dividends for 1950 are $16,786,600, up $559,975, while $13,890,600 was added to surplus, which now stands at $173,970,400, or 9.4% of liabilities. Net interest yield was 2.82% as against 2.74% in 1948 and 2.71% in 1947. Net investment income was $56,520,600, which exceeded the amount needed to meet the contract requirements by $2,362,100. In 1948 the excess was only $228,900. However, if the company could have obtained the 1934 rate of yield on its investments earnings would have been $20 million greater than in 1949.

The bulk of Mutual's security investments in 1949 were in public utilities and in industrials, which rose by $123,546,200, including an increase of $14,342,100 in preferred stocks. Total holdings in public utilities and industrials at Dec. 31 were 47.3% of assets. Holdings of U. S. government bonds and notes were reduced by $93,424,200 but still totaled $492,677,300, or 23% of assets. Total purchases of securities during the year were $188,213,900, exclusive of certain short-term issues.

Mutual made 10,852 mortgages totaling $82,460,400, its mortgage account at the year-end standing at $370,958,000. Real estate investments total $37,209,800.

Assets rose $77,570,200 to reach $2,074,712,400.

As reported in the Jan. 27 issue, new insurance was $268,429,000. This was off 5.6% from 1948. Mortality was at a record low.

NEW ENGLAND MUTUAL

Benefit payments of New England Mutual Life in 1949, exclusive of dividends, were $57 million, of which $21 million was death claims. The company has set aside $14,400,000 for 1950 dividends.

New business, second largest in the company's history, was $262 million as against $259,607,775 in 1948. Insurance in force at Dec. 31 was $2,275,000,000 as against $2,601,917,000. Premium income on insurance and annuities was $105 million and investment income was $35 millio.

New England has $165 million invested in industrial loans, up $43 million. Mortgages are $169 million, up $20 million. Annuity reserves increased by $67 million, including $3 million allocated to change certain annuity reserves to mortality table reflecting increased annuitants' longevity.

Total assets are $1,082,000,000 as against $997,832,353. Surplus, including a voluntary investment fluctuation reserve of $17 million, now exceeds $72 million, which is 7.7% of policy reserves.

NORTHWESTERN MUTUAL

Northwestern Mutual finished 1949 with $410 million of new insurance paid for, 6.7% below the 1948 figure, bringing insurance in force to $6 billion. Assets are $2.4 billion, up 6.6%. Surplus is $156.5 million, maintaining approximately the 1948 ratio to total reserve liabilities.

Benefit payments were $164.8 million, up 4.1%. Total income was $348.4 million, of which 63.7% was from premiums. Income was up 5%. Net interest earned was 3.13% as against 3.03% in 1948. Municipal, public utility and industrial bond holdings were increased while federal government holdings decreased. Mortgage loans were up 25.6%.

POSTAL LIFE

Postal Life's insurance in force in 1949 rose from $40,959,297 to $43,714,301, up 7%. The new paid-for volume was $4,720,867, a figure not exceeded by Postal Life since 1934, representing an increase of 180% over 1948. Its agency organization was a completely new activity for Postal. The increased business was produced entirely in New York state.

SHENANDOAH LIFE

Shenandoah Life's insurance in force at Dec. 31 was $362,528,521, of which $135,547,710 was ordinary and $226,980,811 was group. Total in force a year earlier was $359,892,658. New business for 1949 was $19,534,700, of which $11,551,210 was ordinary. This compares with a total of $24,963,048 for 1948.

Assets are $29,023,817. Principal as-

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Says Estate Planner Would Be Ousted by Treasury Proposal

Spindell Urges All-Out Fight Against Estate Tax Integration Move

COLUMBUS, O. — Treasury Secretary Snyder's ideas for integration of the gift and estate tax laws would, if enacted into law, be a terrific blow to the estate planner, whether lawyer, trust officer or life agent, and "is something on which our associations should spend unremitting effort to defeat," said Robert F. Spindell, Chicago attorney, at the annual institute of the Columbus C.L.U. in cooperation with the Columbus Bar Assn.

Saying it would be a great blow to the trust companies, because there would be no further estate tax advantage in creating living trusts, Mr. Spindell urged that the proposal should be fought not only for reasons of self-interest but because "it simply is not sound that a man should be encouraged to hold his property until death and should have no tax incentive to dispose of it prior thereto. Such is the deadening effect of integration in the estate and gift tax laws."

No More Hereditary Millionaires

Not only would Snyder's proposal be a knockout blow for estate planners, but most estate owners would find it impossible to leave their closely held business to their children and in a generation there would be very few millionaires left in the United States except those who had earned the million during their lifetimes, said Mr. Spindell, citing the following points in support of his statement:

1. Snyder's proposal calls for an integrated estate and gift tax with one set of exemptions and one set of rates for both taxes combined, which would start with the first gift. When a taxpayer dies, his estate would be added on top of the property already subjected to gift tax just as new gifts are now cumulated under the gift tax law. There would be no tax advantage in making gifts. People would hold on to their property until death—admittedly a bad thing from many points of view.

2. Where property is left in trust to the testator's child for life and then to the child's issue upon his death, there would be an estate tax levied upon the child's death. No longer would there be any estate tax advantage in creating trusts. The same principle would apply to settlement options in insurance policies. If this proposal and the foregoing one should become law, two of the estate planner's principal tools would disappear, Mr. Spindell said.

One Over-All Exemption

3. One over-all exemption of $45,000 would be allowed for the integrated tax, of which $15,000 could be used during lifetime and $30,000 upon death. Annual exclusions would be reduced from $3,000 to $500, with a $3,000 limit on total gifts by one donor.

4. Tax rates would become confiscatory at the $400,000 mark. Mr. Spindell gave the following table to show the

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New York CLU's Discuss Pre-Administration Approach

NEW YORK—An approach based on having the prospect's estate "pre-administered" was featured at the annual estate planners' day of the New York City C.L.U. chapter. The discussion brought out that in talking about a prospect's death, it is psychologically better to say "If you had died yesterday," rather than "If you die tomorrow."

The approach allows foresight to be used to discover what is wrong with the man's estate before he dies and in addition discloses, in most cases, that insufficient cash is available to the executive to do the job and that life insurance is the way to provide it. The prospect sees the problems that would be faced by his executor or administrator and may be motivated into taking action.

Speakers were Henry S. Koster, financial consultant; Samuel L. Zeigen, general agent of Provident Mutual; and Milton Young, attorney. The meeting was conducted by Pasquale A. Quarto, director of training of Life Underwriter Training Council.

Easier to Solve Problems

The pre-administration approach discloses the problem of the great hunt for assets unless during his lifetime the property owner has listed and located them. They must be evaluated for estate tax purposes and investment wise for family income purposes. Tax worries influence people and it becomes important to decide where tax planning leaves off and investment planning begins, Mr. Koster said.

The assets must be protected against inflation or deflation. It will usually be found that property owners have from 80% to 90% of their property in equity assets. These people are gambling that good conditions will remain forever. A more nearly correct ratio would be at least 25% to 50% in fixed dollar investments, he stated.

Advantages of Life Insurance

The advantage of life insurance as a fixed dollar investment is that it is very closely tied to a fixed dollar.

Historical trends of the last 150 years indicate that the investor has 138 out of 150 chances that his dollar will buy more in the future than it does now. This justifies people tying themselves to fixed dollar investments for a reasonable percentage of their estate. Life insurance offers the opportunity of earning interest in an investment which is not subject to income tax unless it is cashed in at a profit. At death, life insurance yields capital appreciation which is not taxable. Life insurance policies contain irrevocable options which are guaranteed for life.

The question of how much is being transferred is very important and involves not only the property in the prospect's own name but powers of appointment and life insurance on which he pays premiums directly or indirectly.

Liquidity Classification

The agent should classify the assets of the estate according to their liquidity to locate the source of the executor's funds for expenses.

The approach involves having the administration problems examined totally and not simply the tax questions. Over-all, the approach allows foresight to be used to discover what is wrong with the man's estate before he dies.

The complexities of federal estate tax form 706 were described by Mr. Zeigen. It is important to stress, he said, that evidence is required for all the steps involved in the form and it is far easier for the property owner while alive to arrange for the evidence than it is for the executor to attempt to find it after he dies.

Items that will be particularly questioned by the government include real estate values, valuation of closely held business interests, life insurance owned by others on the decedent's life, jointly held property, and personal property of value such as jewelry or automobiles.

Mr. Young said many business men attempt to underestimate inventory during their lives for income tax purposes. This eventually catches up with them at the time of valuation should they be the ones to die under a buy-and-sell agreement. The customary phrase interjected into these agreements in relation to inventories is that they should be taken at cost or market price whichever is lower. This works distinctly to the advantage of the survivors, since they can choose the lower price, regardless of what the market is at the time a stockholder dies.

Some stock purchase agreements contain clauses which say that if the corporation is found deficient in taxes after the sale is made the survivors can force the heirs to share the deficiency. This is usually unfair since there is no reciprocal provision allowing the heirs to share in any refunds that may come to the firm later on.

Provident Life of North Dakota now issues an "insured basic savings policy" available at ages 0-14. Of the so-called "junior estate" type, it is a participating endowment at 65, each unit providing $1,000 initial amount of coverage and $5,000 after age 21. A return of premium benefit is effective until age 21. Payor benefits are available for an added premium. Illustrative premiums, without payor benefits, are: age 0, $48.77; Age 5, $55.97; Age 10, $65.38; Age 14, $74.64.

List Speakers for Southern Round Table

The Southern Round Table of Life Advertisers Assn., which will meet at the Hotel Shamrock, Houston, April 30-May 2, will have the following speakers, in addition to A. R. Jaqua, whose designation as keynote speaker was reported in the Dec. 30 issue: Don B. Parkinson, sales promotion director Southwestern Life, who will talk on sales promotion, including visual aids, recruiting material and direct mail; R. W. B. Cowan, president Southwest Printing Co., who will discuss "How to Get the Most Out of Your Printed Dollar"; Martin B. Williams, executive director Life Insurers Conference; Joe M. Locke, supervisor of publications for Gulf Life will preside over the "Hot Ideas" panel. The program has been tailored to cover the 10 subjects of greatest interest as indicated by a questionnaire mailed to members.

Briggs Program Chairman

Al B. Richardson, director of public relations of Life of Georgia will call the meeting to order as chairman of the Round Table. William Sexton, agency secretary of Great Southern Life, chairman of arrangements, will be toastmaster at the luncheon closing the meeting. John L. Briggs, vice-president of Southland Life, is program chairman.

Insuromedic Life has gone on the CSO basis. It has also increased the agents' commission schedule and given them a life-time renewal contract. The field force was given a three-day study course at the home office to become familiar with the rate changes and liberalizations in coverage.

Hancock Ups Magee, Kelsey, Five Others; Anderson a Director

BOSTON, MASS.—John Hancock has promoted James H. Magee and Robert P. Kelsey from 2nd vice-president to vice-president; Clinton E. Brayton from assistant secretary to 2nd vice-president;


J. H. Magee


R. P. Kelsey

Wendell P. Hiltabrand from assistant treasurer to 2nd vice-president; Dr. Bishop C. Hunt to 2nd vice president and economist Philip H. Peters to 2nd vice-president, and Miss Sophie C. Nelson to assistant secretary.

Vice-president Olen E. Anderson was elected a director.

Mr. Magee is manager of the city mortgage department and supervises the operation of the home office buildings. He has been with the finance department his entire career.

Mr. Kelsey heads advertising and public relations operations and has been with the Hancock since 1944. Before that he was in the sales promotion and publishing fields.

Brayton 25 Years with Company

Mr. Brayton is general manager of the ordinary policy departments and has been with the company 25 years.

Mr. Hiltabrand is manager of the farm mortgage department and has been with this department since 1931. Before that he was with Hancock's farm loan agency in Chicago.

Dr. Hunt has been economist of John Hancock since 1943. He was previouly with Price, Waterhouse Co. and taught at Harvard and Dalhousie universities.

Mr. Peters is group director of sales. He has been with the group department since 1938 except for navy service.

Miss Nelson, first woman to be elected an officer of the Hancock has been director of its visiting nurse service since 1925. She was overseas with the American Red Cross following the first world war, at which time she organized a public health service in France and developed hospitals for refugee children. In 1921 and 1922 she directed the Relief Program of the American Red Cross for Nursing Services in central Europe and the Balkans. In 1930 she acted as special constultant in Public Health Nursing to the Surgeon General of the United States Public Health Service.

Mr. Anderson who has been vice president since 1943, began his John Hancock service as an agent at Philadelphia in 1921. After successive promotions he was called to the home office as superintendent of agencies in 1940.

To Decide UOPWA Fate

WASHINGTON—The fate of the United Office & Professional Workers of America will be determined by the CIO executive board sitting here this week. Emil Rieve, chairman of a special CIO committee which investigated UOPWA and heard charges of subversive control, will recommend the union be fired from the CIO it is understood, and the executive board is expected to act accordingly.

Linton Warns on Letting SS Benefits Get Out of Line

Too Heavy a Load on Producers Would Bring Serious Consequences

WASHINGTON — A realistic approach to social security indicates the need for an increase in old age and survivor's insurance benefits, but great care must be exercised lest larger benefits be promised than can be delivered without danger to the economy and without undermining personal initiative and responsibility, M. Albert Linton, president of Provident Mutual, told the Senate finance committee. He testified on behalf of the American Life Convention and the Life Insurance Assn. of America at hearings on H.R. 6000.

M. A. Linton

One of his basic recommendations was that the present maximum retirement benefit under OASI should be increased from the present level of approximately $45 a month ($67.50 for a couple) to approximately $63 a month ($95 for a couple).

Could Be 9½% of Payrolls

Two major factors that must be taken into account in the social security question, Mr. Linton stated, are the ultimate cost and the steady aging of the population with its impact on the productive base of the nation. By the time persons now entering the labor market are eligible to retire, he said, the estimated cost of benefits under the revised act, omitting provision for any total and permanent disability benefits, ranges from $8.3 to $12.6 billion a year, or 5.5% to 9.5% of estimated payrolls.

Thus, unduly liberal provisions for social security benefits will inevitably lead to a federal budget of truly staggering dimensions, he declared. In this connection, he added, it is significant to note that while today there are eight persons aged 20 to 64 for each person over 65, in a generation the probabilities are that this proportion will be reduced to five persons in the producing ages to every one over 65.

Producers Must Support Others

Producers must provide goods and services for themselves and the non-producers as well, and social security expansion tends to accelerate the transfer of individuals from the producing to the non-producing portion of the population, Mr. Linton pointed out. If the number of non-producers and their level of benefits weighs too heavily on the producers, serious consequences are likely to follow, he warned. The federal government through social security should provide no more than a basic floor of financial protection for its citizens.

Opposing the total and permanent disability provision, he cited the experience of the life insurance business with such coverage, stating the life companies had learned the hard way that insurance against the disability hazard is subject to great abuse in times of substantial unemployment.

Disability insurance is difficult to administer, he stated, particularly since such benefits represent potential incomes for life once claims have been

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1950 "Who Writes What" Gives Latest Data on Where to Place Unusual Cases

By L. H. MARTIN

All sorts of questions regarding what types of contracts are written by the various companies, and which companies follow certain practices, are quickly answered by the new and enlarged 1950 edition of "Who Writes What?", recently published by THE NATIONAL UNDERWRITER. Arranged by subjects instead of by companies, "Who Writes What?" tells at a glance, just which companies will write the form of coverage one is seeking. Since this unique reference work practically eliminates the old time-consuming job of writing, wiring or phoning around, when one wanted to know "who-will-write-it?", it has proved an especially handy and popular tool for both home offices and field men.

With "Who Writes What?", one needs only to consult its comprehensive, topical index, turn to the page indicated, and there in one listing find the companies that write the contracts desired. In addition, many of the rules, practices, limits, contract provisions, etc., are also shown in convenient form.

Some Subjects That Are Covered

Among the hundreds of individual subjects covered are aviation accident, aviation life, combination life and annuity, deferred survivorship annuities, diabetics, extended term on sub-standard, family group, five-year endowment, group permanent, joint contracts on three lives, juvenile—quintupled at age 21, overweights, polio, short term single premium endowments, substandard over 65, temporary annuities, term at older ages. As all of the subjects are of somewhat an overlapping nature, the book is not divided into specific sections. Among the general classifications treated are surplus business, term insurance, investment contracts, non-medical, disability, single-premium contracts, substandard, aviation, advance premiums, settlement options and other policy provisions, limits, etc. Each subject is carefully indexed under all the questions it answers.

There is also a large section answering the question of "where-to-place-it?" This is a directory of agencies that devote special attention to brokerage and surplus business. Arranged alphabetically by states and cities, several hundred agencies that offer a wide variety of brokerage service and solicit this business actively are shown.

Because of its great convenience, "Who Writes What?" is one of the most frequently used of all life insurance reference books. Both agency and company men find it especially helpful as a quick guide to what other companies are doing. Agency managers use it with agents in connection with cases their own companies cannot accept and personal producers have earned many substantial commissions from the information it provides on placing unusual cases.

Selling singly at $3 a copy, and less in quantities, "Who Writes What?" may be obtained promptly by addressing the National Underwriter Company, 420 East Fourth street, Cincinnati 2, or any National Underwriter office.

Aetna Plan Ratified

The Aetna Life stock divided of $5 million is to be paid March 1 to stock of record Feb. 21, the stockholders this week overwhelmingly having approved the proposal. Capital will then consist of 2 million shares of $10 par stock,, instead of 1½ million.

Reception of Frear Bill Testimony Seems Favorable

Good Chance That Stock Companies May Be Exempted

The drift of remarks during the testimoney of insurance representatives before the Congressional subcommittee on the Frear bill indicated that there is a good chance that stock insurance companies may be exempted from its provisions. The bill would extend SEC regulation over the financial activities of stock insurance companies and other issuers of securities not on organized exchanges.

When Senator Frear was asked about the likelihood that the Senate banking committee would grant the insurance request for exemption, he reported that an analysis of state regulation of insurance is under way. If enough states have such regulations "I think the insurance people will have a very good claim," he commented.

The subcommittee has ended its hearings, but has not reported to the full Senate banking committee and nothing further has yet been scheduled on the Frear bill.

Senator Flanders, Vermont Republican, siding with the insurance companies, said that "No justification has been shown," for SEC control over insurance.

Thoré and Murphy Appear

Both Eugene H. Thoré, as representative of American Life Convention and Life Insurance Assn., and Ray Murphy, counsel for Assn. of Casualty & Surety Companies, stressed the fact that insurance companies already make full disclosures of all phases of their operations of interest to the public by filing financial reports with the state insurance departments. They maintain that filing such statements with the SEC would only duplicate the information. The senators on the committee showed little disposition to argue this view.

Mr. Murphy testified that state laws do not deal "specifically" with insider trading but that "zone examination" could develop this information if it were necessary in the public interest. Mr. Murphy maintained that two studies by the SEC recently have shown no evidence of any inadequacy in insurance companies' financial and proxy solicitation statements to the state commissioners.

No Insider Trading

Mr. Thoré replied to Senator Frear that he knew of no insider trading in the insurance industry. Mr. Thoré said further that additional supervision by the SEC would lead to "conflict, confusion and unnecessary expense." He suggested that the Frear bill be amended to exclude both stock and mutual companies. He reported L.I.A. fears that "it might be successfully contended that life insurance policies and annuity contracts are securities," which would apply the bill to mutual companies. Senator Frear reminded him that the interest of the committee is only in stockholder companies. Mr. Thoré argued that if a need for additional regulation of insurance companies should be discovered it would be more practical to supplement state laws. The witness pointed out that it now costs the states $6 million annually to supervise insurance.

AVERAGE AGENT'S OPPORTUNITY

Big Firm Competition Forces Small Employer to Buy Pension — Spindell

Robert F. Spindell told the C.L.U. chapter at Columbus, O., that opportunity is developing in pension sales for the average agent. The smaller employer is being forced to adopt pension plans to maintain his competitive position in the labor market, as more and more large corporations adopt these plans. Mr. Spindell is a Chicago attorney who specializes in taxation and pension work and who has represented Inland Steel in its pension negotiations with the CIO.

The speaker reported that today most employers feel they cannot afford an individual contract plan or group permanent plan and turn to group annuities or self-administered trust plans without vesting or death benefits before retirement. The average agent is justified, however, in urging small employers to adopt individual contracts or group permanent, he said. Employers of 50 to 250 eligible employes who have a pretty well stabilized business are often wiser to take the individual contract or group permanent. The employer who desires a plan for his salaried employes only, or for just those who earn over a certain figure, or for some other group that does not include the wage earners, will still find the individual contract or group permanent plan preferable. Employers who have a group of employes of above-average intelligence will use individual or permanent plans, for they are extremely attractive to any person who really understands them. The employer must be willing to make a persistent, intelligent effort to make his employes know what such a plan does for them and to resell it annually, if he employs these forms.

Mr. Spindell commented that from the point of view of national welfare it is best that the big companies go slow in paying up the past service cost on pensions. So long as the normal cost plus interest is paid, the pension benefits are not reduced. The common fund in the self-administered trust or the deposit-administered group annuity can be used to pay pensions as the employes retire and in the large majority of cases the funds will be adequate. If all the plans now in effect, or likely to be adopted, were to have their past service fully funded, Mr. Spindell estimated that the investment required would exceed the national debt. "The effect of this on our economy is sufficiently dangerous to make us shudder. Instead of an increasing market for risk capital, which we so vitally need, we will witness an unbelievable demand for fixed investment with consequent depressing effect on our capitalist system." The speaker opined that such a course would put the economic machinery out of balance and force the nation on another step toward complete socialism.

He made it clear that this caution extended only to the large employer and that the national effect of such funding would probably be slight in the case of small employers. For them it is often of great importance to fund past service as quickly as possible in the good years, for in the future years the continuation of contributions may be uncertain.

Reuther's Chrysler Strategy

Mr. Spindell commented that Walter Reuther in the Chrysler demands is trying to make Chrysler stick to the current social security benefits, so that the company pension contribution now needed to achieve $100 a month retirement would not be reduced if social security benefits are raised. The CIO auto workers now seek from Chrysler equal union representation in administering the pension fund and 10% a year vesting. There has been no serious agitation for joint control of a pension plan until this recent demand. The trend has been away from vesting because of its heavy cost, yet Mr. Spindell believes the trend will turn this way after the five year period expires and new pension negotiations are opened. He says union leaders are very much aware of the weakness of the present type of plan that gives an employe nothing if he leaves the company before retirement. The speaker predicted that the movement will be for service credits within the present individual company plans, so that when a man leaves he will have a vested interest in each employer's contribution. Mr. Spindell commented, "The cost of this will be very great and, in my opinion, the only way it can be successfully met is through employe contributions, as is done in the Inland Steel Co."

Employe Contribution

Employe contribution in big plants will not become popular until additional benefits are purchased either in the form of more retirement income or vesting, he declared. In medium sized and small plans the contributory features continue to be strong although not so strong as before last September.

Mr. Spindell reported an increase in the number of pending profit sharing trusts, although not nearly so accelerated as pension trust growth. More corporations of medium size, from 300 to 1,000 employes, are taking an active interest in, if not actually adopting, profit-sharing plans. He opined that more and more union leaders will see the benefits of profit sharing over a pension plan with retirement benefits only.

Visit Puerto Rico Agency

Dr. H. F. Starr, medical director of Jefferson Standard, and Seth C. Macon, assistant superintendent of agencies, are in Puerto Rico to visit the Braegger agency at San Juan. Dr. Starr discussed medical and underwriting practices and Mr. Macon ran a sales training school patterned on the company's home office training schools. The company has more than $17 million in force in Puerto Rico, which it entered in 1922.

Powell B. McHaney, executive vice-president and general counsel of General American Life, has been elected a director of Mississippi Valley Trust Co.

Continental Agency Heads Elect Killian President

Continental Assurance's general agents and mangers elected Maurice L. Killian, Canton, O., as president, succeeding Philip Belber, Newark. Gunnard Wellner, Bridgeport, Conn., is vice-president and Carl E. Haas, Brooklyn, secretary-treasurer.

Dwight G. Johnson, Philadelphia, was honored by the association, which amended its by-laws to enable it to name him as "life-time director" in recognition of his work on behalf of the company and the association. Other directors elected were: J. J. Miller, Chicago; Robert L. Blue, Miami; Joshua B. Glasser, Chicago; Frank J. Marsden, Grand Rapids; Maurice C. Chier, Milwaukee.

Continental's agency achievement trophy was presented to J. J. Miller, vice-president of Life Associates, Inc., Chicago, by M. B. Simms, superintendent of agents. Mr. Simms also presented C.L.U. keys to Dwight B. Johnson, Cleveland; H. J. Goodstein, Philadelphia; J. M. Criner, Grand Rapids; F. W. Allcorn, III, Atlanta; and W. R. Otter, Chicago.

Taxes are Big Subject

The conference covered taxes, estates, business insurance, programming, recruiting, training, underwriting, brokerage problems, sales techniques and related activities. A new feature this year was a special tax dinner and forum conducted by George A. Laikin, Chicago and Milwaukee tax specialist. He made the point that the cost of ordinary insurance covering a business is no greater than the interest on a commercial loan sufficient to cover the valuation of the business, virtually regardless of the technical factors peculiar to each business situation.

Mr. Miller stressed the importance of general line insurance agencies as a source of life business, saying that they require a special variety of assistance but they can see the point behind the fact that the average general line client is going to buy life insurance two to five times during his lifetime.

Dwight G. Johnson of Herkness, Peyton, Bishop, Inc., Philadelphia, discussed the 1950 policyholders' service month being sponsored jointly by the company and the general agents. To standardize the service rendered, a special check chart has been devised to ascertain where and what changes need to be made in the individual's program.

Mr. Blue presented the new material for summarizing a life insurance estate. It will be featured during service month. C. M. Verbiest, Detroit, talked on home loan franchise business, on which he has produced more than $4 million a year for the last two years. Dr. Harry W. Dingman, vice-president of Continental, discussed underwriting developments. He cited recent advances in handling aviation hazards, including term coverage to pilots of established commercial air lines.

C. J. Zimmerman, associate managing director of L.I.A.M.A. warned that preoccupation with the more refined sales tools and techniques should not be permitted to obscure the vital role of the individual man in the development of life business. He foresaw tightening but not bad, market conditions.

Judge Speaks to C.L.U.

Judge Donald E. Bowen of the Indiana appellate court spoke before Indianapolis C.L.U. chapter on "The Shangri La of Life Insurance."

S. E. McCreless, president of America Hospital & Life, has been elected president of the trustees of Asbury College Wilmore, Ky., of which he is a graduate

Taft and Altmeyer Tangle On What Is Insurance

Insurance people are interested in a set-to that occurred recently between Arthur J. Altmeyer, commissioner for social security of the social security administration, and Senator Taft of Ohio when the social security administration was testifying and making recommendations on HR 6000 before the Senate finance committee. These two luminaries at one stage in the proceedings got into a tangle on what constitutes private insurance, and here is what went on:

Taft. You say a contributory system. I suggest that while this is a contributory system, the contributions have a very remote relation in most cases to what a man gets. I suggest that you can show cases, and I will try to develop those later. As far as calling it insurance is concerned, it is a misnomer. Some people pay one thing and get a great deal more, some people pay more and get less. There is some relation, some remote relation between what you pay and what you get, but as a practical matter the people who are being paid today haven't begun to pay anything like what they are getting back compared to what somebody may pay later on. There is no basis for saying that people are paying for these old-age insurance payments that go out from the fund.

* * *

Altmeyer. First, it is insurance—

Taft. I suggest one other thing, and that is that, as a matter of fact, wages today are set on a take-home pay basis, that where the employer contributes, he adds it to his costs and it is nothing in the world but a tax on the people of the United States currently made and currently used to pay other people who are not working. I suggest that, fundamentally analyzed, that is exactly what this system is, and all this talk about insurance and contribution is away beyond anything that really is the fact. I do not say there is no basis for it, but it is away beyond anything justified by the theory that this is a contributory insurance plan.

What do you say to that?

Altmeyer. I am in complete disagreement with you on every point. One, it is insurance because it spreads the risk. That is the definition of insurance. It is not private insurance, where there is a very specific relationship between the individual—

Taft. Wait a moment. Insurance is to spread the risk? Insurance is paying for something under a contract which estimates your risk at a certain value. It is a contract between two people in which you get something for what you pay equal to what you pay. This does not pretend to give you what you pay.

Altmeyer. Of course that is your definition of insurance.

Taft. That is what I think insurance is.

Altmeyer. But you are defining private insurance, and you are not even defining private insurance the way I think insurance experts would be satisfied with it. But be that as it may, this is a system whereby the risk is spread and there are payments made in a definite manner to a central fund, out of which the benefits are paid for those risks when they eventuate.

Liberalizes Revenue Bond Investment Law in N. Y.

NEW YORK — Superintendent Dineen of the New York department has issued an interpretation liberalizing the insurance law (section 81 (1)) dealing with investments in revenue bonds. The effect is to permit investment in obligations of such governmental projects as the New Jersey turnpike, where there is no tested return or history of interest payments, as required by the law.

The present law permits investment in evidences of indebtedness, not in default as to principal or interest, which are legally authorized obligations of county, city, town, village, municipality or district or political subdivision or of any civil division or public instrumentality, if, by legal requirements, such obligations are payable from adequate special revenues pledged by the law for such payment.

The interpretation authorizes investment in evidences of indebtedness, not in default as to principal or interest, which are valid and legally authorized obligations of one of the above obligors, to provide funds for the construction of a public utility. This is if construction of the facility has been authorized by law; the law authorizes financing sufficient to construct it completely; collection of adequate special revenues to pay the indebtedness is authorized by the law; construction costs and special revenues to pay the indebtedness have been estimated by qualified engineers or other experts; and the revenues will be, in the judgment of insurer, adequate to pay the indebtedness.

Mass. Mutual Names Pearson at K.C., Gardner at Wichita

Massachusetts Mutual has appointed Jerry A. Pearson, Jr., formerly of Birmingham, as general agent at Kansas City, succeeding Arthur D. Lynn, and has named Robert H. Gardner to succeed James M. Sullivan as general agent at Wichita. Mr. Lynn and Mr. Sullivan will remain with their agencies as associate general agents, handling personal sales and service.

Mr. Pearson, a naval veteran, has been an outstanding producer in the Birmingham agency since 1947.

Mr. Gardner, a law graduate of Harvard, was with the Bowerstock, Fizzell & Rhodes law firm in Kansas City before forming his own construction company in 1939. An army veteran, since 1947 he has been supervisor of Mutual Benefit Life's Kansas City agency.

Edward Karmgard, manager of Personnel Laboratory of Milwaukee, spoke on "The Most Important Thing in Your Life" at a luncheon meeting of **Milwaukee Assn. of Life Insurance Cashiers.**

Cautions Against Forgetting Basic Values of Pensions

The wealth of discussion on the subject of pensions should not obscure the underlying truism that they are a decent, orderly and efficient system for dealing with the perennial problem of superannuated employes, Robert Tilove, research director of Martin E. Segal & Co., told the New York Personnel Management Assn. Pensions are instruments of business efficiency and, aside from union demands, enlightened management should install them for well thought out business considerations, he said. The alternatives to a pension system are to keep the employe on even after he has lost his efficiency which destroys opportunity, progress, and morale all down the line or discharging the older worker without a pension, or putting him on the payroll at part of his former salary. It is curious that the adoption of pensions has created a defensive attitude on the part of many management people, he said.

Without belittling the cost of retirement benefits it is a rather fortunate bargain which permits a pension system, an instrument of business efficiency, to be charged off in full against the union's list of demands, he stated.

Discussing retirement ages, he noted that the same amount of money which would finance a pension at age 65 would provide a pension 9% higher at age 66, 20% higher at age 67, 30% higher at age 68, 45% higher at age 69, and 60% higher if retirement is at age 70.

He attributed much of today's demand for pensions to the fact that the worker who is 65 years of age in 1950, was 45 in 1930; at the time of his highest earning capacity he went through five years of depression that wiped out all of his savings and prevented him from accumulating more later.

Breidenbaugh With Walker

O. J. Breidenbaugh, former executive secretary of National Assn. of A. & H. Underwriters, is joining the D. Stuart Walker agency of Mutual Benefit H. & A. and United Benefit Life at Philadelphia March 1. After considerable experience in personnel work, he became associated with the late Mansur B. Oakes of Indianapolis and assisted him in conducting the A. & H. course at Purdue University, taking over that work on Mr. Oakes' death. He also extended that work to University of Utah and University of California.

He became executive secretary of the National association in 1946 when it first established a headquarters office and did much to build up its membership and prestige. He resigned early in 1949 to become an independent insurance consultant.

Calls Gain Key to Sales

The greatest motivation to a sale is the promise of some sort of gain, either monetary, or mental such as peace of mind or personal prestige, and the fear of the consequences of not doing what the salesman suggests, Charles Forbes, supervisor of personnel development service at College of the City of New York, told the New York City Life Supervisors Assn.

The job of the supervisor, he said, is to encourage others to do better than they would if left to their own initiative. The supervisor should avoid taking on extraneous tasks, streamline his work and organization methods and lead others in thought and action.

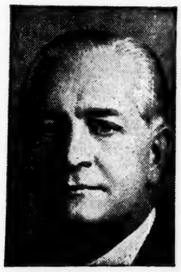
Joins Texas Department

W. E. Harrell, Austin, who has been with the Texas department of public safety, has joined the life division of the Texas insurance department as an investigator.

Public Still Self Reliant, Paul Clark Tells Hancock Men

Addresses Annual Convention of District Agency Leaders at Boston

BOSTON—"More people own life insurance today, both percentage wise and numerically than ever before in the history of the country," President Paul F. Clark of John Hancock told the annual convention of district agency leaders here.



Paul F. Clark

"With so much talk about a trend toward the welfare state," Mr. Clark said, "I examined figures with relation to income, education and other facts to see if I could discover if any particular group of the population could be said to be dangerously veering towards a dependence on government. I wanted to know if the accusation that the youth of the country are lacking in the independent stamina of their forefathers had any truth in it. I was curious to learn if the taint of statism had touched people with higher education. On the other hand, I wondered if limited education could be the reason for people failing to appreciate the blessings of American enterprise."

In making his examinations, Mr. Clark learned that 11% of all the heads of families are between 18 and 24 years old and that 10% of those owning life insurance are the same age.

Gives Figures by Education Groups

"Fairly good evidence, is it not, that the old-fashioned trait of self-reliance is still strong in the youth of the country?" he said.

Studying the facts with relation to education he discovered that heads of families with only grammer school education represent 40% and own 37% of the life insurance. Thirty-eight percent are high school graduates and they own 41%.

College graduates represent 17% and comprise 19% of those who have life insurance.

"Education, therefore," Mr. Clark pointed out, "does have a considerable influence on the desire and intent to take care of oneself and those for whose welfare we are responsible."

On the subject of occupation, he found evidence that occupations which command the most substantial incomes include the largest percentages of buyers of life insurance.

Income a Strong Factor

Observing that part of the reason for this state of affairs is that those with the best educations are also the best earners, Mr. Clark said that except for the possible barrier of lack of income, the impulse of heads of families in all occupations is to accept personal responsibilities and to depend on their own efforts for the development of opportunity. Stating that 15% of the life insurance in force is industrial, Mr. Clark said that this figure alone is evidence that the spirit of self-reliance is strong in low-income groups.

Election of Olen E. Anderson, vice-president in charge of district agencies, as a director was hailed by the district agency leaders.

As a special tribute to the district

(CONTINUED ON PAGE 24)

Medical Section Meets June 15-17

The Medical Section of the American Life Convention will meet June 15-17 at the Greenbrier, White Sulphur Springs, W. Va. Dr. Ennion S. Williams, medical director Life of Virginia, is chairman. Dr. David S. Garner, medical director of Shenandoah Life is program chairman.

LIAMA Parley to Cover Combined Selling of Life Insurance, A. & H.

L.I.A.M.A.'s first A. & H. conference, scheduled for April 27-28 at the Edgewater Beach hotel, Chicago, will emphasize discussion of problems encountered in the combined selling of A. & H. and life insurance, according to John W. Sayler, chairman of the A. & H. committee and vice-president of Business Men's Assurance.

Findings of the A. & H. buyer study now being completed by L.I.A.M.A. will be presented in full.

Mr. Sayler has appointed James E. Scholefield, vice-president North American Life & Casualty, as program chairman. Frederic M. Peirce, associate director L.I.A.M.A. company relations division, is the staff member working with the A. & H. group.

Mrs. Patterson Talks to N. Y. Group of Equitable Agents

Mrs. Nola Patterson, Reliance Life, Atlanta, addressed a meeting of New York City agents of Equitable Soociety who are members of a group that is endeavoring to represent the company's agents for bargaining purposes. This is a separate group from the Equitable Underwriters National Assn. that was formed at the time of Equitable's agency convention in September.

Mrs. Patterson reported on her testimony before the Senate finance committee and urged the agents to write their Senators in support of their inclusion under social security in H. R. 6000. She discussed the labor law and how agents could use it to bargain with companies.

13 ARE PROMOTED

New England Names Six Vice-Pres

New England Mutual has promoted 13 home office officials. Appointed vice-presidents were Dwight Foster, John L. Sterns, Philip C. Raye, Sherwin C. Badger, John Hill, and General Counsel John Barker. David Hall was named assistant secretary and Lucius F. Hallett assistant treasurer.

Carlton E. Clift was named coordinator and Harry O. Jacobson and John Chamberlain assistant coordinators. Arnold F. Walden is manager of the addressograph department and Joseph F. Poirer assistant manager of the control department.

Mr. Foster joined the company in 1916. He continues as treasurer and head of the real estate and mortgage loan departments.

Mr. Stearns continues as actuary.

Mr. Raye is an expert on tax problems and continues as secretary. Mr. Badger has been financial secretary since 1944 and more recently 2nd vice-president as well. He was once editor of Barron's Weekly.

Mr. Hill has been with the company for 17 years, is a C.L.U. and has been assistant secretary and 2nd vice-president since returning from the navy.

Mr. Barker, an executive since 1935, continues as general counsel.

Mr. Hall, a fellow of the Society of Actuaries, continues as associate actuary.

Mr. Hallett joined the investment department two years ago. Before that he was manager at Washington for First Boston Corp.

Chicago Sales Congress Scheduled for Apr. 1

Chicago Life Underwriters Assn.'s sales congress is scheduled for April 1 at the La Salle hotel. The committee in charge is headed by Nathaniel Seefurth, Northwestern Mutual, and Henry E. Perl, Metropolitan Life. The sales congress will be preceded by the Illinois Round Table meeting and the managers conference March 31 and the Illinois state association meeting.

Bourke Succeeds A. B. Wood as Sun Life's President

Arthur B. Wood has handed over the active direction of Sun Life of Canada to George W. Bourke, who becomes president. Mr. Wood, who has been with Sun Life for 57 years, becomes chairman.

G. W. Bourke

Mr. Bourke, like his predecessor, rose from the ranks through the actuarial department.

Both attended McGill University, and in obtaining their B. A. degrees, both won the Anne Molson gold medal for mathematics. Mr. Wood joined the actuarial department of Sun Life in 1893, while Mr. Bourke joined it in 1915, taking a summer job while attending McGill. He rejoined it in 1919 after overseas war service. He won the military medal, was severely wounded, and invalided home.

Both men have served Sun Life as assistant actuary and then as chief actuary, holding the latter position for a number of years, after which, in due time, they won places on the board.

Wood Named President in 1934

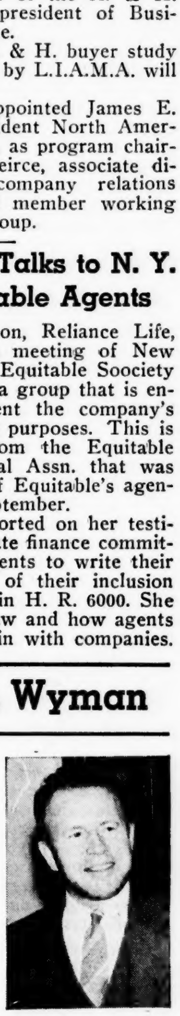
Mr. Wood became vice-president and actuary in 1923, vice-president and managing director in 1932, and became president two years later.

Mr. Bourke became general manager in 1944, managing director in 1945 and two years later vice-president and managing director in 1947.

Both Mr. Wood and Mr. Bourke are fellows of the Institute of Actuaries of Great Britain and of the Society of Actuaries. Both are past presidents of the Canadian Life Officers Assn. Mr. Wood is a governor of McGill University. He is a fellow of the Casualty Actuarial Society and served as president of the former Actuarial Society of America, of which Mr. Bourke is a former vice-president.

Now S. D. Wyman

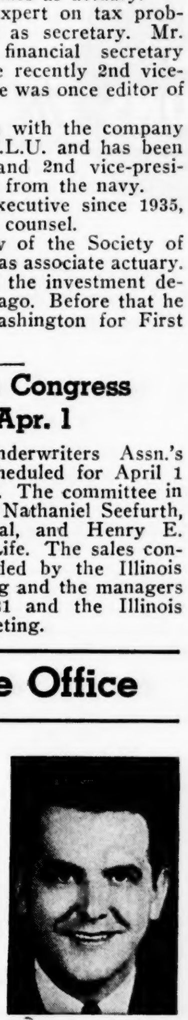
The name of Simon David Weissman, agent of Equitable Society at Boston and a trustee of National Assn. of Life Underwriters, has been legally changed to Silas David Wyman. He sent out announcements of the change this week.



S. D. Wyman

At Home Office

Stanley C. Nowton, whose appointment as assistant superintendent of agencies of Berkshire Life was reported in a recent issue, was previously Berkshire's general agent at Worcester, Mass.



Confer on Unauthorized Law Practice of Agents

The National Conference of Lawyers and Life Underwriters met in New York City recently to discuss complaints regarding lay persons engaging in "estate planning" and "counselling" and methods to correct abuses in the field. The aim of the conference is to prevent practice of law by non-lawyers. Attending for National Assn. of Life Underwriters were John Kellam, general agent National Life of Vermont, New York City, Albert Hirst, New York City attorney and counsel for the New York state Life Underwriters Assn. and James B. Hallett, general counsel of N.A.L.U.

Figures from Companies' Year-End Statements Shown

	Total Assets $	Increases in Assets $	Surplus to Policy-holders $	New Bus. 1949 $	Ins. in Force Dec. 31, 1949 $	Increases in Ins. in Force $	Prem. Income 1949 $	Benefits Paid 1949 $	Total Disburs. 1949 $
Berkshire Life	117,443,993	7,093,949	4,601,135	33,346,253	358,138,303	15,659,837	11,394,617	6,334,557	12,118,605
Cal. Western States	111,042,019	8,711,325	10,972,578	71,731,241	547,613,264	45,765,191	22,649,641	12,354,002	20,725,703
Central Life, Kan.	2,457,704	—8,333	76,257	225,354	5,117,488	—1,162	62,133	102,805	169,151
Colonial Life	41,561,,826	3,039,869	2,092,607	34,947,949	228,971,198	14,632.564	7,596,838	2,704,237	6,245,469
Indianapolis Life	61,818,393	4,858,015	4,171,381	27,658,464	225,685,439	13,782,664	6,623,396	2,931,110	6,039,794
Lamar Life	37,942,692	3,243,507	2,959,138	14,052,189	135,182,763	7,323,195	3,998,913	1,262,057	2,595,834
National Guardian	26,298,508	2,191,734	1,488,832	14,916,720	112,239,991	8,258,423	3,113,805	1,083,849	2,259,347
National Life of Ia.	15,090,015	1,160,687	1,028,865	6,480,204	63,241,261	1,211,549	1,758,977	808,473	1,298,732
Provident Mutual	621,006,279	26,133,266	35,002,687	95,594,227	1,348,188,119	35,711,839	40,455,537	32,989,262	53,930,294
Rockford Life	6,833,572	526,029	861,883	8,367,979	43,506,434	3,065,966	1,181,912	375,537	1,154,804
Southwestern Life	200,132,922	20,530,980	18,824,546	108,786,968	761,644,019	64,435,879	27,839,007	9,322,342	18,465,351
Standard, Ore.	40,510,057	2,816,327	2,883,512	16,505,201	137,041,659	8,146,489	4,405,006	2,206,436	3,973,308
Standard, Pa.	8,677,803	381,997	618,947	2,971,125	28,015,134	705,919	701,306	484,007	840,041
United Services	4,527,491	831,302	509,580	12,555,565	51,536,975	10,108,547	1,137,926	170,495	669,333
United L. & A.	23,564,323	1,483,727	2,098,397	15,429,239	104,124,061	9,422,670	2,664,991	1,110,921	2,162,126
Victory, Kans.	20,088,740	1,569,041	1,691,048	10,965,388	89,245,246	4,863,966	2,349,410	760,209	1,598,561
FRATERNALS									
Aid Assn. for Lutherans	118,225,820	12,595,195	12,307,935	60,707,936	510,112,399	47,184,057	13,089,103	4,264,715	7,774,765
Woodmen of World Life	169,292,863	5,938,342	16,718,960	78,445,432	494,493,557	10,106,878	13,762,337	10,174,327	17,143,676

GROUP MEN WARNED ON UCD

Beating State Benefits May Run Companies Out of Gas

Competition Between Insurers Can Result in Stiff Legislation

Companies writing group business in competition with the state funds in California and New Jersey were warned by two speakers at the group meeting of H. & A. Underwriters Conference this week in Chicago that by offering benefits far in excess of statutory requirements, as a result of competition with each other they may be digging their own graves. Such practices, the companies were told, tend to raise loss ratios and bring about legislation increasing benefits to the point where they can no longer successfully compete with the state.

Nearly 200 company representatives were on hand to hear discussions of the California and New Jersey plans by E. J. Anderson, group department manager of Founders F. & M., and J. W. Noel, New York City A. & H. manager of Lumbermens Mutual Casualty. P. W. Watt, vice-president of Washington National and chairman of the group committee of the conference, presided.

California Experience

Discussing the experience under the California plan after three years of operation, Mr. Anderson reported that loss ratio for the companies and the state fund are going up. He gave as the reasons statutory changes increasing benefits, pressure from labor groups, and competition between the companies. The third item, competition, is by far the most important factor, he said.

Benefits in California started at a $20 maximum, but were raised Jan. 1, 1948 to $25, subject to the worker's earnings; but voluntary plans have offered $30, 35 and 40. While the act calls for a wage of $45 before the worker can get the $25 maximum, some voluntary plans give a flat $25 on an entire group while others offer 70% of the basic wage.

The addition of hospital benefits effective Jan. 1 has brought about a rate decrease indirectly since the companies must offer more for the same money. Some of the voluntary plans already have the hospital feature with benefits higher than the $8 daily minimum, and this again causes legislative unrest, and if continued, can bring about a substantial increase in the loss ratio.

Cause of State's High Losses

Mr. Anderson remarked that the state fund's loss ratio may have increased for different reasons than has that of the companies. Employes have begun to realize that they are covered for sickness and are presenting their claims in greater numbers. Many of the large firms have left the state plan to insure privately, an adverse selection against the state, and statutory changes have begun to take their effect.

As to expenses in handling UCD business, Mr. Anderson said the indications are that this class cost less than straight group. Compared with state expenses, however, the companies have two basic disadvantages — continuing commissions and assessments on premiums.

Legislative changes, except on borderline groups, have not had much effect. The major difficulty will be the new hospital benefits, on which a higher loss ratio is expected because the premium is not based on wages. More to be feared than legislation, Mr. Anderson declared, is the degree of competition the companies put forth in attempting to get the large groups. Experiments in offering benefits in excess of the state maximums could boomerang. Legislation is affected by what the companies are doing and Mr. Anderson warned that much of the future under UCD hinges on company underwriting practices.

Expenses on all business need to be reduced, but the 1.6% administrative assessment of the state Mr. Anderson criticized as an undue burden. It is in addition to the state premium tax, and Mr. Anderson urged that the companies cooperate in an effort to have the tax removed.

The amount of future business depends on the ability of the companies to absorb it, Mr. Anderson said. About 50% of the business is now insured in private plans, but he warned that unless the companies change their outlook, that may be the limit. There are 237,000 employers in California, but only 12% of them are insured privately because the companies limit themselves to groups of 10 or more and largely ignore the 200,000 employers with one to ten employes.

In three full years of operation, the loss ratio on state fund business has increased from 34% to 64%, and the future experience of the fund will primarily control changes in the law. In 1947, the fund had premiums of $51 million and paid $17 million in claims, for 34%; in 1948, the premiums were $46 million and $22 million were paid in claims, a 47% ratio, while in 1949, the premiums were $36 million and losses were $23 million, a 64% ratio. Thus, while the fund is steadily losing premium volume, its loss ratio is increasing disproportionately. Mr. Anderson blamed this on the increase of weekly indemnities and the fact that many employers with sick leave plans have left the fund.

Female Participation

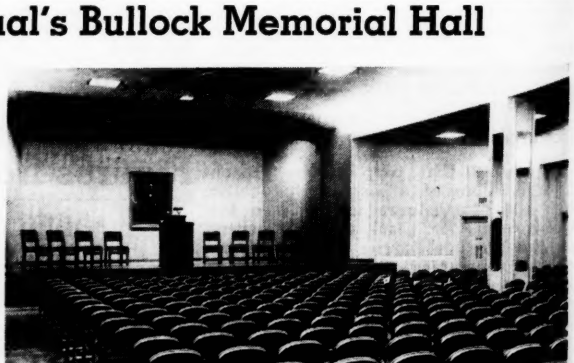
At the conclusion of his talk, Mr. Anderson was asked about the requirement that the private plan must have an overall female participation of 20%. Some companies that come across a risk they would like to have find that they cannot accept it because it will lower their female participation.

The requirement on female participation probably will be increased to 25% this year, Mr. Anderson predicted. Companies having the most success with thie requirement are those that have been taking women in their plans right along. If they have waited too long, they find themselves in tough competition for a case and are forced to give higher benefits.

Asked about experience on small groups, Mr. Anderson said that on groups of less than 10, his company had had great success. The large groups produce competition and higher benefits, while there is little or no fighting over the small cases, and standard benefits can apply. Further, there is closer employe-employer relationship on the small case and it is probable that many employes who are sick have their salary continued and don't report claims.

Experience on females within groups

State Mutual's Bullock Memorial Hall



State Mutual Life formally dedicated Bullock Memorial Hall, a new combination assembly hall, luncheon room and recreational area, at the home office. Also unveiled were oil portraits of the three Bullock presidents—Alexander H., A. George, and Chandler. The hall seats 1,000. It was reclaimed largely from space heretofore unused and replaces the old auditorium now being made into new offices. Main speaker was Chandler Bullock, now honorary chairman, who reviewed the company's history. President George A. White presided.

would indicate that they present 60 to 70% of the claims, Mr. Anderson said.

Another difficulty the companies will be faced with in California is the extended liability assessment of 3% of premium writings to support the fund established by the state for benefits to those disabled while unemployed. The theory of the fund is that it will earn interest enough to pay the claims, but such has not been the case and the 3% maximum assessment will be put on this year.

Answering a question as to the state fund's ability to cope with an increasing loss ratio, Mr. Anderson pointed out that the governor has emergency powers to reduce benefits, but this will not be necessary since there is an $86 million reserve on employe contributions plus a $104 million untapped federal reserve. However, the loss ratio situation may have a strong tendency to curb legislative increases in benefits.

Mr. Anderson added that the hospitalization feature has kicked up interest in the voluntary plans. When the employer and employe get a taste of hospitalization, they show interest in other benefits available through insurance companies that cannot be had from the state.

Blue Cross Position

Mr. Anderson mentioned that it is understood that Blue Cross will not attempt to integrate its benefits with UCD, while the companies, of course are doing so. The result will be that group premiums on hospitalization will be lower than those of Blue Cross.

A detrimental effect of the hospital feature will be on groups having part time employes. While all other benefits of UCD are based on a schedule of earnings, hospitalization is not. It is an $8 flat rate payment, and part time employes can therefore receive the hospitalization benefit for a very low premium, and it is expected that this will have an effect on company underwriting.

NEW JERSEY

In New Jersey, Mr. Noel reported, the law allows benefits of 60% of weekly earnings and a minimum of $9 and a maximum of $22 for 26 weeks. It is estimated that in the first year of operations during 1949, 40% of the employers were covered by voluntary, self-insured or existing plans, these plans covering 60% of the employes.

According to chamber of commerce estimates, Mr. Noel said that this is only a 10% increase of employes covered over 1948. Only 20% of the ned business in 1949 went to the companies, and the state got 80%.

The companies in New Jersey have a problem of writing profitable A. & H. business and at the same time proving to the public they can provide social insurance. Mr. Noel observed that agents in New Jersey have not been impressed sufficiently with the necessity of selling voluntary plans, and the unions are far from being sold on company insurance.

Gives Estimated Loss Ratios

Mr. Noel's estimate of the state fund 1949 loss ratio was 33%, while the voluntary plans had a ratio of 50 to 60%.

Private plans in New Jersey offer higher benefits—up to $40 to $45 weekly as against the $22 maximum required. The state gets the full 1% contribution on each case, but the companies often are writing the business for less. Here again is the grave digging example, and Mr. Noel was emphatic in pointing out that if the companies continue to write such high limits, the unions will pressure the legislature into raising the requirements.

To improve the loss ratio Mr. Noel said there is a need for more production and a wider risk spread, together with better loss control. The alternative is lower benefits. Both California and New Jersey suffer from labor union opposition to private insurance. In California the companies since Jan. 1 have been faced with a union boycott of private insurance, while in New Jersey the unions fought the voluntary feature of the law all down the line.

Mr. Noel said the unions underestimated the number of private plans there would be on the books when the law became effective. The unions still want a compulsory state fund in New Jersey, and the companies have a big selling job to do if they are to change the sentiment of workers. While these ideas are those of the national unions, and the small unions tend to vote for the best plan available, in case of a showdown, it is probable that the unions will stand together.

Higher Benefit Virtually Certain

Higher benefits are almost a foregone conclusion. Mr. Noel said that the maximum weekly indemnity will be raised to $30, probably to go into effect Jan. 1, 1951. The CIO is pushing for a $30 weekly benefit plus $3 for each of the first three dependents in the family, or a total of $39 a week.

The opportunity for the state to increase benefits is much in the picture, since the law allows a collection of 1½% on taxable payroll and presently only 1% is being assessed.

Cites Difference in Base Rates

The state basic rate on group busineess is about 85 cents per $10, while the companies are getting 66 to 68 cents. At the same time the companies are subject to two assessments, one of 2% of taxable payroll for administrative expenses of the state (1% was taken in 1949), and an assessment to maintain an unemployment fund similar to the extended liability fund in California.

There is no requirement in New Jersey for a percentage of female participation, but most companies are maintaining a 20% average to protect themselves in case such legislation is passed.

Both Mr. Anderson and Mr. Noel made strong pleas for industry cooperation in presenting a public relations program that would effectively tell the insurance side of the story to labor unions and management.

FTC Asks All A. & H. Insurers to Accept Mail Order Rules

All companies writing A. & H. insurance, whether operating on the mail order basis or not, have received copies of the new FTC trade practice rules on mail order insurance, with a return card which they are asked to send in, pledging themselves to abide by those rules.

It seems probable that a good many of the companies that are not in the mail order field will ignore the cards entirely. Some of them feel that they should not even send a letter to FTC, stating that they are not writing mail order business, as it would constitute a recognition of the commission's right to regulate business in that field, which they are unwilling to concede.

Plans Under Merger Told

The Wausau district agency of the Great Northern division of Washington National held a sales conference at Wausau, Wis., attended by 25 agents from nine counties. E. G. Leist, general agent at Wausau, arranged the meeting. A. M. Hanson, Chicago, assistant agency supervisor, outlined the sales, promotion and advertising plans of the company for 1950 under the recent consolidation of Great Northern with Washington National.

C. B. Calahan, Jr., vice-president in charge of investments of Western Reserve Life, Austin, Tex., has been elected president of Austin Mortgage Bankers Assn.

Says Estate Planner Would Be Ousted

(CONTINUED FROM PAGE 1)

comparison of the proposed plan with present rates: In the right-hand column is shown the amount of estate at which present tax rates would reach the proposed Treasury rates in the brackets indicated.

Net Taxable Estate	Present Tax Rates	Treasury's Proposed Rates	Estate Size for Present Rate to Equal Proposed Rate
$ 200,000	30%	36%	$ 800,000
300,000	32%	42%	1,400,000
400,000	32%	45%	1,700,000
600,000	35%	51%	2,500,000
1,000,000	39%	60%	4,000,000
3,000,000	56%	77%	10,000,000

"Draw your own conclusions from these figures," said Mr. Spindell. "Of course, these rates apply only to the net estate after using the marital deduction, which would make it more imperative than ever that the marital deduction be utilized if the rates are increased."

The integration proposal is so involved that Mr. Spindell doubted that it would pass at this session of Congress but said that "both individually and as members of our respective associations we should keep alert to the problems and be ready to attack if any likelihood of passage should arise. Strange things happen at the last minute in these hearings and the watchful eye in the interests of the taxpayer is imperative to prevent the Treasury from putting over some program without everyone having a full realization of its complications."

Mr. Spindell said that fortunately the present Congress is not a rubber stamp Congress and there is considerable doubt the radical proposals of integration and the taxation of transfers after life estates will be adopted.

Says Snyder Has Doubts

"Indeed, Mr. Snyder recognizes some doubt about integration when he suggests that 'if integration is not adopted at this time' Congress should adopt a three-year conclusion presumption of transfers in contemplation of death," said Mr. Spindell. "I feel that the item of taxing transfers after life estates is too new to warrant acceptance by Congress—provided every advanced life underwriter, every trust officer and every bank and every lawyer that has anything to do with estates will make it his personal business to warn his clients and associates and urge them to communicate their view to the members of the ways and means committee and the Senate finance committee, as well as the joint committee on federal taxation. In the absence of active opposition one or more of the objectionable proposals might be enacted into law."

Mr. Spindell said it is probable that some increase will be made in rates and perhaps some lowering of exemptions, although exemptions really go down anyway as the value of the dollar declines.

Discusses Marital Deductions

Discussing the marital deduction, Mr. Spindell said that in the last year three of his wealthy clients have lost their wives, resulting in more than doubling their estate tax liability under the present law. While it is obvious that a man's wife is an "asset" in a monetary sense in such cases, it is sometimes hard to convince men they should insure their wives, their reaction being that they would probably marry again. They overlook the fact that at the time of the death the surviving husband, as in the case of the three clients he mentioned, may not be of an age or disposition to remarry. Also, perhaps the surviving husband, if he remarries, might not wish to leave half of his estate to his second wife but would prefer to leave the greater part to his children.

Mr. Spindell discussed how to qualify life insurance for the marital deduction under the present Treasury regulations.

Interest or installment payments must be made at least annually and the first payment must begin not later than 13 months after the insured's death. Most companies provide that payments accrue from the date of death, although no payments will be made until proofs of death have been received. With a few companies, however, the receipt of proofs of death is a condition precedent to the widow receiving any payments under the policy. Therefore, if she should die between insured's death and the time proof of death is received, no installments would be payable to her estate and the marital deduction might not be allowable.

Possibility Is Remote

This is a remote possibility, Mr. Spindell conceded, expressing the belief that the tax court would go out of its way to help the taxpayer in such a case. However, he said companies having this type of clause should change their contracts either directly or through a general declaration of policy and further efforts should be made to induce the internal revenue commissioner to liberalize his ruling to permit such a policy to qualify even though the wife should die before proof of death were filed.

Under the Treasury's revised regulations it is possible to qualify a fraction of a policy and have the other fraction remain not qualified. Policies can also be lumped together, with one fraction purporting to qualify and the other fraction not qualifying. Where it is attempted to use the complete right of withdrawal as the basis for qualifying the policy there should be no provision at all regarding partial withdrawals. If the insurer insists on limiting the number of withdrawals in a given year, then a "power of appointment" provision should be inserted. The difficulty here is that if the widow makes the maximum number of withdrawals during a year, then she could not obtain possession of the insurance proceeds "in all events," as required by the statute. This problem could be handled by a liberal Treasury regulation but the Treasury has not done so yet.

Powers of Appointment Provision

Another technical point is the provision found in some powers of appointment used by some insurers to the effect that the widow must exercise the power of appointment during her lifetime. Thus, if she signed the form and died before it reached the home office, the exercise would be void. Because of this possibility the Treasury might well hold that such an insurance policy does not qualify for the marital deduction since it cannot be exercised "in all events." Most companies do not require a limitation of this kind, though it was used a good deal when the first powers came out after the adoption of the marital deduction law, Mr. Spindell said.

L. N. Parker, president of American Service Bureau, has been visiting the Texas offices of the bureau.

Institute Expands Handbook, Couples Workbook With It

"The Handbook of Life Insurance" has been completely revised by Institute of Life Insurance to include new and expanded material on group insurance, annuities, combination policies and the uses of life insurance. With new artwork and the addition of color, it is now 88 pages, one-third more than formerly. It is available to high schools and colleges and personnel or agent training units within the business. Authors are R. Wilfred Kelsey, director of the educational division, and Arthur C. Daniels, executive assistant.

Nearly half a million copies have been printed to date. Very popular in schools, it has also been used extensively by agents and companies for answering questions of policyholders as well as for personnel training.

Accompanying the handbook, there is now a 40-page "Study Guide and Work Book," containing eight lessons based on the handbook. Each lesson consists of three parts: two to assist the student in his study and the third to provide application of the principles learned to case problems or projects. The work book contains mortality table, typical application forms and a specimen policy contract.

A set of quiz questions with answers and page references for use of the classroom instructor accompanies the study guide. These with the wall-chart "History of 10,000 Life Insurance Policyholders," make a complete teaching unit.

Good Gains Shown in '49 Statements

(CONTINUED FROM PAGE 1)

set items are government bonds $3,784,-775; other bonds, $3,993,237; FHA mortgages, $5,628,943 and other mortgages, $10,514,127. Policyholders' surplus is $3,416,992. Benefit payments in 1949 totaled $4,179,763.

PROVIDENT MUTUAL

Provident Mutual's insurance in force at Dec. 31 was $1,348,188,000. Assets were $621,006,000, as against $594,873,-013. The net rate on investments was 3.1% as against 3.02% in 1948 and 2.93% in 1947.

SUN LIFE OF CANADA

Assets of Sun Life of Canada totaled $1,527,000,000 at Dec. 31, as against $1,-490,870,041. Sun Life again led all Canadian companies in amount of new business, the figure being $372,500,000 as against $374,652,547. Benefit payments were $114 million. Group business showed an increase of 11% in 1949. There was a slight increase in average interest rate earned, the figure being 3.48%. Dividends to policyholders will be increased this year. More than 48% of Sun Life's assets are invested in the United States and $1,690,000,000, or 40% of its total business in force, is in the United States.

Often Two Unwanted Heirs

The Austin (Tex.) Estate Planning Council heard Parker C. Fielder, assistant professor of law, University of Texas, discuss the role of life insurance in estate planning. He pointed out that the estate builder often has two heirs which he does not plan to have—the federal and state governments. He said the young man buying his first policy of $1,000 is starting his estate planning and that this should be recognized. He said it is a mistake to assume that the man with the small estate is not concerned with estate taxes, citing the effort of President Truman to have the exemption on life insurance owned reduced to $45,000. He stressed the need for intelligent planning for payment of estate taxes. He emphasized that lawyers are not qualified to pass on the life insurance a man should own any more than the life man is qualified to pass on the legal problems involved.

Feb. 28 Deadline For Quality Award

National Quality Award applications for 1950 should be submitted to home offices by Feb. 28, Life Insurance Agency Management Assn. and National Assn. of Life Underwriters, joint sponsors, caution. The closing date for home offices to file endorsed applications is March 31.

This year, the special five-year N.Q.A. certificate will again be presented to those who have qualified for the award for five years. The qualifying rules now state that the five years need not be consecutive. As an additional challenge 10-year awards will be made beginning in 1954.

A minor change has been made in the qualifying rules for 1950. If an agent has changed companies in the two years preceding application, he is now required to have a 90% persistency in the two companies when the figures are combined, rather than 90% in each company separately. Separate application blanks are still required.

NALU "Grass Roots" Drive in High Gear

With success ranging from fair to excellent, the National Assn. of Life Underwriters is continuing its federal "grass roots" campaign to see that members of Congress are acquainted with the agents' views on legislation with particular emphasis on defeating the sections of H.R. 6000 opposed by N.A.L.U. The association has been collecting the names, business and home addresses, and telephone numbers of all agents who know Congressmen on an intimate, friendly basis whether that contact arises for business, family or social reasons. N.A.L.U. wants agents who have the trust and confidence of congressmen, and who will be willing at the request of their association or the N.A.L.U. to write, wire or see the congressman personally to present the association's views on legislation.

Lutheran Brotherhood Year

Lutheran Brotherhood during 1949 increased its insurance in force by $30,-894,389 to $283,878,841. Assets grew $7,340,153 to $48,830,072. Surplus stood at $1,772,489.

Issued business for January, 1949, was $2,578,881 as compared with $2,-417,646 for the same month in 1948.

The brotherhood has appointed Claude Barndt as general agent at Telford, Pa. Mr. Barndt, who has been a leading producer with the brotherhood for a number of years, has taken over a job vacated by Harry Sowers when he was promoted to eastern field supervisor.

Oilworkers Union Wins $125 Pension from Sinclair

WASHINGTON—CIO publicity department has announced conditional agreement between Oilworkers International Union and Sinclair Oil & Gas Co. and Sinclair Refining Co. on a $125 per month minimum pension plan, including social security, depending upon enactment of the House social security bill and approval by union membership.

Pensions would be payable to employes 65 and over having 20 years' service with Sinclair. The plan would cover over 10,000 employes.

John A. Lloyd, vice-president of Union Central, has been elected president of Cincinnati Chamber of Commerce.

EDITORIAL COMMENT

Editorial Without Comment

"Dear Editor of THE NATIONAL UNDERWRITER:

"We are making an important general agency appointment and I wish you would give it a real nice write-up. I will just give you the facts and you can dress them up and expand them, as we are particularly anxious to see a good story on this appointment in your paper.

"This new general agent has made a fine record in the business I would prefer that you not mention his former company. We are a little ashamed of how we got him. Confidentially, he came from the Podunk National of East Dorstop, R. I., so you can just refer to it as 'a large eastern company.'

"Another thing: We are making this appointment because the previous general agent realized he was better fitted for selling than managing and had the good sense to go back to selling. However, I wish you would pretend that this guy never existed and say nothing about him in announcing this new appointment. I know a lot of your readers will wonder whether he died, retired, returned to selling, or went with some other company. Of course, they will cuss out your publication for being so dopey as not to dig up such easy-to-find information, but think of the fun they can have guessing what the inside dirt is and trying to find out through the grapevine.

"On second thought, maybe you'd better not run the new appointee's name, either.

"Anybody who cares a hoot about this appointment would probably know where he came from, so we'd be tipping our hand to reveal his name, wouldn't we? And come to think of it, I'd better not sign this letter, either. If you knew who it was from, you might go ahead and do some investigating on your own. So just be a good fellow and do a nice write-up on the basis of what I have given you."

Where Company Presidents Come From

In recent years, partly to make up for the lag in seasoning of manpower because of war, life companies have been much concerned with developing executive talent. There also is keener appreciation today of the importance of supervision in a machine economy where individual tasks of employes are standardized, simplified and narrowed to get more production and thus reduce the unit cost.

We asked an intelligent man who watches these things where life company presidents come from; that is, what were their specialties before they began to move into that broader world of general policymaking and effective leadership of other people which eventually led them to the top company position.

Our informant pointed out that presidents come from three principal sources: (1) Agency, or sales; (2) actuarial-legal-investment, and (3) administration. The emphasis used to be on production ability, but with the depression of the 1930s the No. 2 group began to get the nod in greater numbers. The depression also increased the appreciation of those who dealt successfully with people, methods and operational costs—the administrators.

Consequently more of those exceptionally skilled in legal and investment statesmanship and in efficient methods of doing business moved to the top. Actuaries, of course, have always been a good source of presidential timber. One thing that all of these men have in common is that they are trained to analyze and think.

To test these observations, a list of 136 company presidents was checked, with these results: 32 came up in law; 38, administration; 27, sales; 17, finance, and 22, actuarial. Well over half are from the second group, law-finance-actuarial.

These figures call for some amplification. In a few instances the president has had law training but early in his career he got into administration as well. Or, he was trained in law and early entered a bank or had some other financial experience. In one case he had the combination of law and sales experience.

On the administrative side, many had an accounting background, and those who came up through sales often began rather promptly to do administrative work also. Whatever the special skill—law, finance, sales, actuarial, administration—almost from the outset they started to supervise and guide other people in one or more areas other than their own specialty. They knew how or learned to apply the principles of management to all fields.

This seems to point to at least one moral: that those who carry the heavy responsibility of American life insurance from the beginning showed a talent for, or had an opportunity to assume, responsibilities beyond those for which they were specifically trained.

PERSONALS

Charles L. Halsted, New York Life, Brainerd, Minn., has announced his candidacy for the nomination for governor on the Democratic-Farmer-Labor ticket. He was the candidate two years ago and polled more than 500,000 votes, losing to Gov. Youngdahl by 98,000.

Franklin D'Olier, retired president of Prudential, has been elected chairman of American Enka Corp. of New York, one of the country's leading rayon manufacturers.

Clarence B. Metzger, vice-president of Equitable Society, will serve as chairman of the life insurance division of the 1950 New York heart campaign, which is out to raise $750,000.

Don Parker, vice-president and actuary of Security Mutual Life of Nebraska, has been reelected vice-president of the Lincoln Y.M.C.A.

A. M. Burton, president emeritus of Life & Casualty, has been named as one of a group of southern leaders from whom Col Hubert F. Lee, publisher of "Dixie Business," Atlanta, plans to select the "Man of the South for 1950."

Assistant Manager **Orville W. Yates** of the Auburn, N. Y., office of John Hancock, has been elected president of the Seneca Falls Kiwanis Club.

Manager **Nicholas M. Sassano** of the Queens, N. Y., district office of John Hancock is area chairman in Queens for the 1950 campaign of the National Foundation for Infantile Paralysis.

Ralph H. Wilson of Richford, Vt., has been appointed Vermont regional sales manager for the Farm Bureau insurance companies of Columbus. He has been a district manager for 13 years. He succeeds Arthur H. Packard, who is also president of Vermont State Farm Bureau.

Retires

Dr. R. L. Rowley

Dr. Robert L. Rowley, medical director of Phoenix Mutual for 37 years, has retired. The fact that he would be succeeded by Dr. Robert A. Goodell was reported recently in THE NATIONAL UNDERWRITER. Dr. Rowley received his degree from Yale medical school. Before joining Phoenix Mutual he was medical director of the

Leading Producers to Speak at Kansas Sales Congress

A program of four speakers has been announced for the A. & H. sales congress of Kansas Assn. of A. & H. Underwriters at Wichita Feb. 18. Speaker at the luncheon opening the meeting will be Ralph Hinman, manager of Business Protective Bureau of the Wichita chamber of commerce, whose subject will be "Self-Regulation in Business."

On the afternoon panel will be Rolf R. Noll, Postal Life & Casualty, Kansas City, on "Produce or Perish"; James W. First, general agent of Washington National at Topeka, on "Calls and Closes," and Wesley J. A. Jones, executive secretary of the International association, on "Picking Up the Pieces."

E. L. Mack, Provident L. & A., is president of the Kansas association. He will be in charge of the luncheon and Robert R. Tyler, Loyalty group, will be chairman of the afternoon session.

"ISN'T INSURANCE WONDERFUL! YOU'RE EARNING MONEY DOING NOTHING."

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OBSERVATIONS

Employe Relations Work Pays

The head of a home office department which three years ago had 97 employes reports that his unit is now accomplishinig more work with only 80 employes. He says that the expense saving was accomplished by a practice instituted in 1947. He has a conference with his different office supervisors once a month and discusses the problems of their sections. By making the supervisory employes feel they are important, they do more work, are happier at it, and perform their tasks more efficiently, as do those under them. He was able to accomplish this, he said, and decrease his section budget considerably. He thinks effort put into employe relations work really pays off.

You're Young as Your Sales Pace

A high percentage of Mutual Benefit veteran agents over 65 years of age are still active salesmen, earning substantial commissions. Of the 98 oldtimers, whose average length of service with the company is 28 years and whose average age is 71, some 69 were active during 1949 and 28 of them earned more than $1,000 in first year commissions. Only 13 earned less than $2,000. Average earnings in this group were $3,035 and the median figure was $2,290. Five men earned over $5,000 each, the oldest being 71 years of age, and the average age being 67. The top man,—a veteran with 34 years of service, earned $12,300.

Three producers tied for the longest period of active service at 45 years. The best producer among the octogenarians is now 82. He is Herman Bashinsky, of the Atlanta agency, who completed 38 years of active selling with a record of 1,197 lives for a volume of $4,388,551. The oldest producer was W. L. Smith, 85, of the Youngman agency, New York. He joined the Mutual Benefit at age 60, so has a service record of only 25 years.

Of the 98 veterans, 66 have had more than 30 years' service with the company and 14 have served 40 years or more. There are 56 now over 70 years of age.

In addition to the new and renewal commissions which these veterans receive, there is a service allowance from the company, depending on length of service and on average earnings previous to age 65. The allowance plan has been continued for the benefit of agents who were too old to take advantage of the contributory pension plan introduced in 1946.

How Much and to Whom?

Compared with other types of insurance, life companies have few claims complications but that doesn't mean they don't occasionally have a tough one. Easily qualifying as a problem case is a claim now pending totaling $250,000. The insured was killed by his wife when she found he had been cavorting with another woman. Later the widow was placed in a hospital for the mentally ill pending trial. Basically, the law will not allow a beneficiary to benefit by her own unlawful act.

Under some circumstances a committee is appointed by the court to act for an insane person and the money is paid to the committee. Steps are usually taken to provide for the necessary support of innocent children. If the beneficiary were insane at the time of the killing presumably there would be no problem and the money could be paid to such a committee. However, if she was not insane at the time it might take years for the court to decide what is to be done. When $250,000 is at stake things are not so simple. While waiting to determine whether or not her ability to collect on the policy has been defeated, the claims man's problem is what to do with the money. It will go to someone but how much and to whom?

Celler to Issue Report on Stock Life Company Profits

WASHINGTON — Rep. Celler, chairman of the monopoly investigating committee, plans to release soon a report on profits of 100 stock life companies. The material was obtained from standard publications, a committee spokesman said, it was put together by the committee staff "in different form," which "produces surprising results," the spokesman said.

Rules Metropolitan Can Pay Agents Retroactive Boosts

The appellate division of the New York supreme court has ruled against Metropolitan Life and said that the company can pay retroactive wage increases of some $2.85 a week to about 8,000 agents. The United Office & Professional Workers of America say that about $1 million is involved. The increases were ordered by the war labor board in 1944 but the company has contended that the state's insurance law would not allow it to make the payment.

Giles Utah Manager

Parley P. Giles, Salt Lake City, has been named Utah manager of Security Mutual of Nebraska. He was with Lincoln National and was district supervisor for National Public Life.

DEATHS

DR. IRA E. ATKINSON, 83, who was president of United of Lincoln, Neb., from 1916 to 1944 died there. He graduated from Omaha Medical College in 1888 and practiced in several Nebraska cities.

CHARLES T. DAVIES, a retired hosiery manufacturer of Wyomissing, Pa., who cut quite a figure on the insurance scene about a decade ago, died at his home at the age of 77. Mr. Davies had a million dollars of paid up life insurance when he retired at 58 and turned his business over to his employes. He was a great booster for life insurance. Mortimer Buckley, who is now the New England Mutual Life general agent at Dallas, but who was then a leader in the life insurance business at Chicago, knew about Mr. Davies and induced him to give an address before a meeting of Chicago Assn. of Life Underwriters. Mr. Davies made a great hit on that occasion not only by what he had to say but through his friendly manner and his fame spread like wildfire. He was booked in no time for dozens of other life underwriter associations and he was on the program of the annual meeting of American Life Convention and also appeared before the Million Dollar Round Table.

Joy Luidens, executive secretary of the Chicago Assn. of Life Underwriters, has continued a close friendship with the Davies family throughout the years and visited in their home as recently as in January.

AUGUSTIN L. GILROY, who retired as district inspector of John Hancock in New York City in 1948, died in Forest Hills, N. Y.

The **Utah State Life Underwriters Assn.** will hold its annual sales congress on April 24 at Salt Lake City.

ACCIDENT AND HEALTH

Parks Elected as Texas President

At a meeting at San Antonio, Texas Assn. of A. & H. Underwriters elected George M. Parks, Houston, American Hospital & Life, president; L. C. Woodham, Great American Reserve, Dallas, and R. D. Penney, American H. & L., San Antonio, vice-presidents; Louis F. George, Continental Casualty, Houston, secretary. New members of the executive committee are Phil Garber, Corpus Christi, Mutual Benefit H. & A., Claude Phillips, Dallas, Hooper-Holmes Bureau, H. D. Woods, Lubbock, Western Reserve Life. On the advisory committee are Emerson Davis, Inter-Ocean, Dallas, and O. D. Harlan, National Travelers Casualty, San Antonio. The new officers will be installed at Houston April 15.

A committee composed of Messrs. Bywaters, Harlan and Woodham was named to study the problems of publicizing the 1951 convention of the International association at Dallas. Mr. Davis will be general chairman in charge of arrangements for that meeting.

Polio Experience Reviewed at A. & H. Conference Regional

Persistency on polio policies has been somewhat disappointing and the losses seem to be increasing, due to the higher cost of medicines and treatments, J. T. Helverson, manager A. & H. underwriting department Washington National, reported in a discussion of that subject at the regional meeting of H. & A. Underwriters Conference at Chicago this week. He said, however, that the business has not been written long enough so far for a true loss experience to develop. In many cases the heaviest expense of polio treatments comes after two or three years.

The average of claim payments has been running rather high for such a new line of coverage. There have been a few very small claims where either there was some doubt about its being polio or if it was the attack was very light. In such cases the company usually pays if the doctor's diagnosis is polio, for the public relations value. However, in most cases no claim is made while the matter is still in doubt and even in the light cases where it really is polio, the family is usually so delighted if there is a speedy recovery that the chances are against any claim being presented.

Delay when Polio in Family

After there has been a case of polio in a family, it is usual to wait 60 or 90 days before insuring another member. The companies quite generally are using the date of the policy as the effective date and paying claims which may arise between that date and the actual delivery as a public relations measure.

As to the value of that form of coverage for the salesman, Mr. Helverson said it depends on what the salesman has on the ball.

In the supplemental discussion of "dread diseases" forms, C. O. Pauley, managing director, reviewed the comments on that subject made by W. H. Bittel of the New Jersey department at the commissioners' meeting. It was brought out that these policies do not cover preventive measures, such as vaccines or other "shots" but only treatment of the disease itself.

John H. Lumley of Sterling discussed the blanket medical reimbursement policies being tried out by his company. The coverage is being introduced on an experimental basis in certain localities and good cooperation has been obtained from the doctors in those areas by writing them in advance that payments would be based on actual charges on the prevailing fee basis. So far among adults females have showed about twice as many claims as males, while among children the figures are just reversed. Rates for females are therefore being increased. The coverage so far has been on a $25 deductible basis with a maximum of $500, but forms for $10 and $250 and $50 and $1,000 will be added. The policy is not written where the policyholder already has surgical coverage with the company.

There were more than 100 on hand for this regional, the largest attendance of any in the series so far. Paul W. Stade, Lumbermen's Mutual Casualty, presided at the morning session. E. J. Faulkner, Woodmen Accident, executive committee chairman, reviewed conference activities and John P. Hanna, associate managing director, discussed legislation and insurance department rulings.

Five companies were admitted to membership in the conference at a meeting of the executive committee: American National of Galveston, Berkshire Life, Farmers & Bankers Life, Hardware Indemnity of Minneapolis and Provident Life of Bismarck.

San Antonio Association Elects Penney President

San Antonio Assn. of A. & H. Underwriters has elected R. D. Penney, American Hospital & Life, president; Frank R. Hierholzer, Western Reserve Life, vice-president; John P. Simon, Jr., Bernaud agency, secretary, and Sharpe McFarland, Cravens, Dargan & Co., treasurer.

Warren Palmer, Massachusetts Protective and Paul Revere Life manager, led a panel discussion on business practices in selling A. & H. Those taking part were George Hagerty, Charles Blake and Al Besch. They developed the importance of knowing the policy which is presented and in what measure it will do the job for the man who is to buy it. It was pointed out that the buyer pays good money for service and that nothing should be left to the imagination of the salesman. The need to explain to the buyer the limitations on coverage was stressed. Otherwise he will learn the limitations through court action.

Mr. Besch pointed out the importance of the confinement clause in the event of illness as well as accident payments. He emphasized that the company is not bound by the statements of the agent but by the printed terms of the policy.

R. S. Moore Stresses Human Aspects of A. & H. Selling

The mechanics of selling vs. the "humanics" of selling were discussed by Russell S. Moore, manager of agencies of Midland Mutual Life, at the February luncheon meeting of Cincinnati Assn. of A. & H. Underwriters. He drew from his 26 years of experience in insurance in explaining the human aspects of selling A. & H. as well as life insurance as an income-providing service to humanity.

"We have positive and negative knowledge," he said. "Organized positive knowledge intelligently applied is power." He emphasized that it is not power until it is intelligently applied. "Improve the MAN in SalesMANship," he said, and "the sales-ship will arrive at the harbor of success."

"Others," he declared, is one of the key words of success in insurance selling. "We have to believe in other people. Unless we like other people, take a general interest in them, other

people will not like us nor take an interest in us."

No personal security program is complete without A. & H. insurance, along with life insurance, he explained. Such a program is aimed at providing one thing—income—and upon income rests the physical, mental, social and spiritual aspect of living. There are only two places to get income—from man-power and dollar-power. "Our clients don't realize that until we tell them." The minute man-power stops, dollar-power must come in, and the sole function of insurance is to provide that income to the client or his dependent when it is needed—when he is sick, when disabled by accident, or upon his death."

Stumpf Urges Revamping of Social Security System

More than twice the usual attendance turned out to hear Charles B. Stumpf, president of International Assn. of A. & H. Underwriters, speak at the meeting of the Indiana association at Indianapolis Feb. 13.

Mr. Stumpf urged a complete overhauling of America's social security system, if the program is to be kept actuarially sound. He said that the International association is willing to take the lead in a campaign to tell the public and Congress that such a step must be taken. He declared that the present security act is no different from John L. Lewis' welfare fund for the miners. "Experience has proved that the miners' system isn't sound—it's broke now," he added.

He is convinced, as are other insurance leaders, that the proposed act to extend the social security system is another step in the direction of socialization.

"The main thing that Americans should remember at this point," Mr. Stumpf said, "is that man is never less secure than when he is being taken care of by someone else. The only real security a man can have in this world is the opportunity to do something for himself."

It was announced that the association's sales congress will be held March 31.

Polio Meeting Feb. 28

Polio Insurance Assn., with headquarters at Fort Worth, has postponed its meeting from Feb. 14 to Feb. 28. This was done to give the members more time to complete the questionnaire dealing with polio and dread disease insurance. The meeting was primarily planned for discussion based upon the results of the questionnaire. Tom Chamberlain is preparing the material in printed form for the meeting.

Buffalo Congress Dates

Buffalo Assn. of A. & H. Underwriters has changed the date of its sales congress to March 17. More than 300 are expected.

Hospital Cover Extended

Pennsylvania Life, Health & Accident of Philadelphia has liberalized its hospital expense contracts. The previous limit of hospitalization "per year" has now been coverted to "per illness." The age limit is now birth to 85. Coverage is provided regardless of whether the assured is receiving workmen's compensation benefits. The previous limit of 10 days for diseases not common to both sexes has been eliminated. After a waiting period, there will be no question raised as to preexisting conditions.

Offers Direct Mail Kit

Forty-eight different kinds of letters prepared to tie in with the life agent's work are contained in the "Direct Mail Letterkit" published by Howard Dana Shaw, Philadelphia, specialist in life insurance direct mail and correspondence. It contains 111 actual letter models together with a 10-page introduction.

AMONG COMPANY MEN

Sullivan Midland Mutual Executive V.-P.; Witherspoon Made Vice-President

Midland Mutual has promoted C. O. Sullivan from vice-president and actuary to executive vice-president and Ralph C. Witherspoon from secretary to vice-president and secretary.

Mr. Sullivan started his business career with Midland Mutual some 30 years ago in the auditing department. He was transferred to the actuarial department in 1920, became assistant actuary in 1927, actuary in 1939, and vice-president and actuary in 1947. He has been a director since 1942.

R. C. Witherspoon

C. O. Sullivan

Mr. Witherspoon started with the company in 1923 in the auditing department. He became assistant secretary in 1929 and secretary in 1933.

Berkshire Life Advances F. J. Owen, M. G. R. Wallace

Berkshire Life has elected Frank J. Owen assistant secretary and manager of mortgage loans and M. G. Roy Wallace assistant actuary.

Mr. Owen has been with the company since graduating from Williams College. He graduated in 1925 from the New York University insurance school, spent two years in Berkshire agencies in New York and Albany, returned to the home office in the investment department, became mortgage loan supervisor in 1937 and mortgage loan manager in 1942.

Mr. Wallace went to Berkshire from Equitable of Canada in 1948 and became supervisor of the actuarial department two months later. He is a graduate of University of Western Ontario at London. He served in the Canadian army and is a fellow of the Society of Actuaries.

Dr. Shewbrooks, E. G. Brown Retire from Penn Mutual

Dr. Daniel M. Shewbrooks, medical director, and Edgar G. Brown, supervisor of applications of Penn Mutual Life, have retired.

Dr. Shewbrooks

Dr. Shewbrooks graduated from Middlebury College in 1909 and from Johns Hopkins medical school in 1915. He served in the army in the first world war and before joining Penn Mutual as assistant medical director in 1931 had been with Northwestern National, Lincoln National and Acacia Mutual. He was assistant attending physician in the out-patient heart clinic of Pennsylvania hospital. He is an authority on early Americana and is an amateur cellist.

Mr. Brown, after joining Penn Mutual in 1901, was registrar, assistant supervisor of applications, associate supervisor before becoming supervisor.

Dr. Shewbrooks and Mr. Brown were honored at a luncheon given by company officers, speakers being President Malcolm Adam and Secretary E. Paul Huttinger.

Elect Bruce Crane Director

Bruce Crane of Dalton, Mass., vice-president of Crane & Co., Inc., paper manufacturers has been elected a director of Berkshire Life. A brother, Winthrop M. Crane, Jr., is a member of the finance committee and a director. Their father, the late Senator Crane of Massachusetts, was also a Berkshire director.

Hamlin Asst. Treasurer

Robert M. Hamlin has been named assistant treasurer of Security Mutual of Binghamton. Mr. Hamlin, recently auditor in the investment department, is mortgage underwriter.

Pa. Knocks Out Phila. Corporation Income Tax

Pennsylvania supreme court has declared unconstitutional the city of Philadelphia's 1949 amendment to its income tax ordinance. Life companies had opposed the amendment. The amendment was declared invalid except that part referring to personal earned income.

Shepard Named Can. V.-P.

R. W. Shepard has been appointed vice-president of Mutual Benefit H. & A. in charge of sales promotion in the Canadian division.

Stahrl Edmunds, economic analyst of Northwestern National Life, was a speaker at the University of Minnesota's annual bankers' conference Feb. 13-14.

LIFE AGENCY CHANGES

Lizotte, Reader in New Mass. Mutual Positions

Desmond J. Lizotte, general agent for Massachusetts Mutual at Lawrence, Mass., for the past two years, has been appointed a general agent at Newark. He succeeds Charles W. Mercer, who

R. R. Reader

D. J. Lizotte

continues as a personal producer. Ronald R. Reader becomes general agent at Lawrence.

After leaving the air corps in 1945, Mr. Lizotte was appointed a district agent for Mutual Trust Life and in 1947 became field supervisor of its eastern division. He joined Massachusetts Mutual two years ago. He was a director of the Merrimac Valley Life Underwriters Assn.

Mr. Reader joined the Massachusetts Mutual in 1945 after naval service. He organized and is now secretary of the Business & Professional Men's Club of Greater Lawrence and is secretary of the Merrimac Valley Life Underwriters Assn.

Holmes Cedar Rapids G. A.

Leo S. Holmes has been appointed as general agent at Cedar Rapids, Ia., of Massachusetts Protective and Paul Revere Life. He formerly was with Merchants National Bank and entered insurance in 1944.

Paul Revere Names Wells

B. Farley Wells has been named general agent for Massachusetts Protective and Paul Reserve Life at Atlanta. He succeeds James C. Richardson, who resigned because of ill health. Mr. Wells entered the business with the Atlanta agency four years ago after having been branch manager for a flour company at Charleston, S. C., and Savannah. A successful personal producer, he became a district manager in Virginia. He leaves that post to return to his new Georgia assignment.

J. P. Warren to Pan-American

Pan-American has appointed James P. Warren as general agent in Jacksonville. He was formerly with the New York Life at Jacksonville. He has paid for more than $500,000 a year for the past five years. He is membership chairman of the Jacksonville Life Underwriters Association.

James P. Warren

LNL Names Scully at N. O.

Cyril M. Scully has been named general agent at New Orleans for Lincoln National. He entered life insurance in New Orleans in 1944, after nine years' sales work in the food brokerage business there. In three years he became district manager, organizing an entirely new agency unit which produced more than $41 million its first year. He has served as treasurer of the New Orleans Life Underwriters Assn.

Cyril M. Scully

O. A. Meyer District Manager

Orie A. Meyer, with Old Line Life at Shawano, Wis., has been appointed district manager at Two Rivers, Wis., under R. E. Meyer, general agent at Manitowoc. Their father, W. A. Meyer of Shawano, joined Old Line Life 40 years ago, and their uncle, the late John Meyer, Oconto Falls, went with the company in 1912. Four sons of the former and one son of the latter followed in their fathers' footsteps with Old Line.

AGENCY NEWS

Youngman Agency Marks 10th Birthday at Banquet

The Arthur V. Youngman agency of Mutual Benefit Life in New York City celebrated its 10th anniversary at a banuet attended by 62, including President John S. Thompson, Chairman W. Paul Stillman, Vice-president H. Bruce Palmer, Dr. Walter A. Reiter, vice-president and medical director, and Richard E. Pille, agency vice-president.

Twenty-six charter members of the agency were honored, as were agency leaders for 1949. Rowland F. Mellor was elected "most valued associate" and was the leader in earnings. John H. Hanway, was volume leader and Charles W. Wunder was lives leader. Franklin Miner was honored as having the highest earnings for a second-year man.

The agency is currently leading the 74 agencies of the Mutual Benefit with over $1 million written in January.

Wins N. E. Mutual Trophy

The Charlotte, N. C., agency of New England Mutual is the winner of the 1949 president's trophy. Archie B. Carroll, Jr., has headed the agency only since the latter part of 1947.

His organization had the best over-all record in new business results, gain in insurance in force, number of full-time appointments, volume of first-year men and man-month production. With a gain of more than $800,000 in new business, Charlotte exceeded its assigned quota by 55%. First-year men averaged $280,000 a year.

Close contenders were the Weber agency in Cleveland, Moore & Haines in Philadelphia, B. W. Davis in Richmond, and the David S. Kamp agency in San Francisco.

Evans Agency Leads Home; Feat Cited at Luncheon

Leading agency of the Home Life of New York in 1949 was the John H. Evans agency, New York City. President James A. Fulton was host to Mr. Evans and his associates at a luncheon. William P. Worthington, vice-president, and John F. Walsh, manager of agencies, attended from the home office.

The agency also led the company in 1947. In 1948 it was second. Mr. Evans said the agency now includes 17 full-time men and that 99.6% of the total paid volume last year came from them.

Leading agent of the company for 1949 was Charles H. Steinhofer, who entered the business with the Evans agency in 1946 and is a life member of the Million Dollar Round Table. J. S. Chamberlain was second in the Evans agency and eighth in the company.

Blohm Leads Provident

The Blohm agency at Cincinnati led Provident Mutual for January, setting a record for the agency. C. Vivian Anderson of the agency led the company in volume.

$5,687,989 in 1st Calendar Year

The Allen L. Dickey agency of Great-West Life at Beverly Hills, Cal., in 1949, its first calendar year, produced $5,687,989. The average size policy was $19,372. All the business was produced by Mr. Dickey, David B. T. Myrick and Henry A. Feustel. In November the agency had its first million-dollar month, with a production of $1,655,758. All this was accomplished with only one person, Muriel R. Schaffeld, handling all the office work and making up of illustrations.

Ralph Hudnut, editorial consultant of Reveille, publication of Life Insurance Field Force of America, has left the Keane agency of Massachusetts Mutual in New York City and gone with the Eisendrath agency of Guardian Life there.

ALC, LIA Oppose Housing Bill as Being Unsound

WASHINGTON — The cooperative housing program proposed in H.R. 6618 was opposed by Dr. James J. O'Leary, director of investment research of Life Insurance Assn. of America, before the House banking and currency committee. Dr. O'Leary represented the association and American Life Convention.

Dr. O'Leary said that the bill actually establishes a strict governmental program for housing cooperatives and provides a minimum opportunity for private incentives; loans are to be on an unrealistically liberal basis; the program will serve largely to accelerate the inflationary spiral in housing; it calls for financing terms considerably out of line with the market and it sets forth more "class legislation" which he termed inimical to the functioning of a free initiative and private enterprise economy.

He made it clear that his opposition does not mean that the life insurance business opposes cooperative housing in principle but pointed out that this is amply provided for under the national housing act.

Gerard B. Tracy, Jamaica, N. Y., who led Prudential in 1949, his first year as an agent, has qualified for the Million Dollar Round Table. He had been a special investigator for the FBI.

NEWS OF LIFE COMPANIES

American Nat'l Drive for Moody Brings $50,075,399, Record Month's Production

The January drive of American National netted $41,949,399 of ordinary volume and $8,126,000 of new industrial business for a combined total of $50,075,399.

About 3,000 agents engaged in the campaign, which is an annual event staged every January in honor of the birthday of W. L. Moody, Jr., founder and president. Agents of the industrial organization produced $27,733,097 of the ordinary total in addition to $8,126,000 of new industrial volume. Agents of the ordinary division accounted for $14,216,302 of the grand total.

Mr. Moody, whose 85th birthday was celebrated by the drive, is the only living founder of a life company with more than $2 billion in force. A high point of the campaign was reached on Mr. Moody's birthday, when agents of both the ordinary and the industrial agency forces sent flowers to represent production to that date. The total given him on his birthday equalled the production for the entire month of January, 1949.

Home Life Runs Job Forum for Its Women Employes

Women employes of the Home Life of New York heard valuable advice on "How to Make the Most of Your Job" in a seminar conducted by "Glamour," a magazine for the young career woman. The panel included: James A. Fulton, president of Home Life; Nina Kyle, merchandise director of "Glamour"; Helen M. Thal, career consultant for the Institute of Life Insurance; and Edward Moss, public relations director of the American Management Assn. Mary E. Campbell, job editor of "Glamour," served as moderator.

Mr. Fulton said he knew of no occupation that offers so much in stability, diversification of opportunity and the advantage of working in a field that is dedicated to the task of helping people who are in trouble.

Ohio National Buys in 5,300 Additional Shares

Ohio National Life, in pursuance of its mutualization program, is acquiring 5,300 additional shares of its stock at the agreed price of $40 per share. In 1949 which was the first year that the shares were acquired, 10,000 were bought in. The selection by lot, as provided in the mutualization plan, from the mutualization numbers was held under the supervision of the executive-finance committee of Ohio National, and the Ohio insurance superintendent.

Hancock "Ad" Honored

The annual advertising book entitled "Best National Advertising of the Year" has selected an advertisement of John Hancock for the 1949 edition. Entitled "Their Boyhood Was Made in America", the advertisement is illustrated by a painting by John Gannam of Tom Sawyer and Huck Finn.

Old Equity to Expand

An Indiana charter has been issued to Old Equity Life Ins. Co., which will reinsure the present Old Equity Ins. Co. of Gary. J. F. Neiburger is president; J. N. Newman, vice-president; and O. M. Neiburger, secretary-treasurer.

Travelers Dividend

Travelers has declared a dividend of 3%, or $3, on the capital stock, payable March 10 to stock of record Feb. 24.

American Reserve 25 Years Old

American Reserve Life of Omaha is this year commemorating its 25th anniversary, in connection with which a new type of financial statement has been mailed to policyholders. It contains pictures of actual policyholders to tell the story of how the company serves in the field. The "Ambassador" has taken on an anniversary dress. Starting with the February issue, the predominating colors will be silver and blue.

Eliminates Premium Receipts

Occidental Life has eliminated premium receipts except for policyholders who specifically request them or who pay in cash.

Seek Reorganization of B. C. Hospital Insurance Plan

VICTORIA, B. C.—The British Columbia government has put under way a complete reorganization of the province's compulsory hospital insurance plan. The plan was a financial flop in 1949, its first year of operation. It is admitted in government circles that "faulty planning" was responsible for last year's fiasco.

A commission may be appointed (independent of the government) to supervise the hospital plan on a basis somewhat similar to that of the workmen's compensation board, or it may be left under the direct control of the government.

James Bern of the Blue Cross has been secured to work on straightening out the complications which have resulted in widespread criticisms, heavy financial losses and the resignation of Dr. J. M. Hershey, director of the insurance program.

James Hamilton & Associates also have been retained by the government to work on the general framework of the hospital insurance system, although their work, in large measure, will be concerned with hospitals and why hospital costs have soared abnormally.

It is understood that still another rate increase will be put into effect.

Addresses N. Y. Advertisers

Charles R. Corcoran, director of sales promotion of Equitable Society, spoke at the February meeting of the Gotham group of Life Advertisers Assn. and discussed his company's radio program and how it is tied in by agents with sales. General subject discussed was how to get the agents to use with greater efficiency the sales promotion material prepared by companies. The next meeting is scheduled for May and will be handled by William Weier, Prudential.

Travelers in New D. C. Spot

Travelers has moved its Washington offices from the Washington Building to the new Kass building at 711 Fourteenth Street, N.W.

Rio Grande National Life dedicated and opened to the public its new 20-story home office building in Dallas. The building is completely air-conditioned.

NEWS OF LIFE ASSOCIATIONS

Two N. Y. Congress Speakers

Two of the speakers and their subjects at the annual sales congress of the New York City Life Underwriters Assn. are William E. Earls, general agent of Connecticut Mutual at Cincinnati, "Prospecting—an Easier Way to Bigger Sales," and Selby L. Turner, New England Mutual agent, New York City, "Prospecting for Personal Insurance."

Speakers for L. I. Congress

"First Things First in '50" is the theme of the 1950 sales congress of the Long Island branch of the New York City Life Underwriters Assn. at Garden City Feb. 24. James B. Kennedy, Equitable Society, Hempstead, is general chairman.

Speakers are Richard B. Thompson, director of sales development Mutual Life; H. Bruce Palmer, vice-president Mutual Benefit Life; Franklin R. Amthor, chief of agency training Equitable Society; James L. Burnett, assistant staff supervisor Metropolitan Life; and Harold N. Sloane, Continental Assurance.

Stresses Continuity of Work

LOUISVILLE — Sidney J. Lanier, Penn Mutual, Lafayette, Ind. talked on the Purdue formula for selling, which is 20-10-2-20. This means 20 "seen" calls a week, of which 10 will say to come back and two will buy, and then 20 new names to replace them. The biggest problem of all, said Mr. Lanier, is continuity of work, the main problem being not to please the general agent or company but to do a better job and make more money. The agent should know where he's been and know where he's going. Records are quite helpful. He said four calls a day net him two closes per week. He advised setting goals and working toward them day by day.

Detroit Saturday Series

Detroit Life Underwriters Assn. is holding three Saturday morning business insurance forums: Feb. 18, "Partnership Insurance," Edwin H. White, Insurance R. & R., speaker; Feb. 25, "Corporation Insurance," Harold O. Love, Detroit tax and corporation lawyear, who will also address the March 4 meeting on "Sole Proprietorship Insurance." Hampton H. Irwin, professor Insurance R. & R., speaker; Feb. 25, troit, will be moderator for all three forums.

K. C. Sales Congress Mar. 18

Kansas City Life Underwriters Assn. will hold its annual sales congress March 18. It will start in the morning and wind up with a luncheon speaker, who will be Judd C. Benson, Union Central, Cincinnati, president of National Assn. of Life Underwriters.

Sam C. Pearson, Jr., of Northwestern Mutual, is chairman of the sales congress committee.

Employers S. S. Help Overlooked

Employers are contributing in a large way to the welfare of employes through the taxes they pay under social security, but most employes fail to realize this, Raymond D. Danielson, assistant state director of State Farm Mutual, told the Quincy (Ill.) Life Underwriters Assn. at a luncheon. Mr. Danielson urged life insurance men to serve the employers by explaining the benefits which are purchased.

Mr. Danielson suggested that the agent tell his customers that the price is going up rather than to talk about an age change. He said that pre-approach letters have proved their value. He cited the Chicago Motor Club as an example of one organization which makes its appointments by telephone exclusively, and said that they and others have demonstrated the value of obtaining interviews by telephone.

Announcement was made that following the elevation of Kenneth Arrowsmith Metropolitan, to the presidency to succeed Weslie W. Olson, Equitable Society, who resigned, Ernest G. Weber, State Farm, was elected treasurer. Charles G. Parker, National L. & A., moved up to vice-president and Richard A. Schnack, Metropolitan, moved from treasurer to secretary.

St. Louis—Nathan H. Paulus, John Hancock, LaFayette, Ind., spoke Thursday on "Planned Security for My Family's Sake." At the next meeting April 3, D. B. Flegelman, Northwestern Mutual, New York, N.A.L.U. trustee, will speak.

The annual sales congress will be held May 18.

Tampa — Richard Campbell general agent of Fidelity Mutual at Altoona, Pa., was the speaker.

Richmond—Lester O. Schriver, Aetna Life, Peoria, Ill., former N.A.L.U. president, spoke on "Streamlining Your Sales Philosophy."

New Bedford, Mass.—Jesse Mello, manager of the New Bedford field office of the social security administration, spoke on federal old age and survivors' insurance.

Jersey City—John W. Wood, Newark general agent of State Mutual Life, addressed the Hudson County association.

Elizabeth, N. J.—John J. Holahan, associate regional manager of ordinary agencies of Prudential, spoke on "Merchandising Life Insurance."

Salt Lake City—Kenneth W. Cring, superintendent of agencies for Pacific National enumerated what after 30 years' experience in the business he has come to consider the essentials for the life insurance agent as follows: Honesty, fairness to self and customers, awareness of changing conditions, realization of the necessity of service to clients and others, participation in church and civic activities, religious adherence to company rules and proper respect for company and manager, ability to respect the policyholders' confidence, early starting and late quitting, hard study, active membership in the agents' association.

Milwaukee—Walter N. Hiller, Penn Mutual, Chicago, a life member of the Million Dollar Round Table, discussed "Selling Techniques." He advocated the use of a budget guide in selling to show the prospects how their money can be allocated so as to allow for life insurance premiums.

Columbus—W. Thomas Craig, Aetna Life, Cincinnati, will speak Friday. He is a former president of the state association.

San Antonio—G. Archie Helland, Connecticut Mutual, regional director, gave a resume of the open board meeting of the Texas association at Austin. Christopher Goldsbury, president of the San Antonio Life Managers Club, spoke of the need for membership. President Francis Sullivan called attention to the mid-year meeting of the National association and urged that as many as can

Sherin Executive Director of Iowa Medical Service

Woodrow Sherin, Iowa deputy commissioner, has been appointed executive director of Iowa Medical Service, operated by Iowa state medical society, effective April 15.

He has been deputy commissioner for two years, previously served as actuary and head of the life department and prior to his war service as an examiner. Commissioner Alexander has not announced his successor as deputy commissioner.

Mr. Sherin is a member of the blanks committee and the uniform accounting sub-committee of N.A.I.C. He graduated from University of Iowa in 1935.

Donald Taylor, field secretary of the Iowa state medical society, has been serving temporarily as acting executive director of the insurance company which sponsors the Blue Shield plan of prepaid medical service. The plan has 180,000 members in Iowa.

Illinois Policy Examiner

James Cullen of Springfield has been appointed acting superintendent of the policy examination division of the Illinois insurance department. Mr. Cullen has been with the department. He succeeds James W. Ross of Peoria, who has resigned to reenter the insurance business.

LONG RANGE TAX PLANS DEBATED

(CONTINUED FROM PAGE 1)

mittee which recommended the bill passed by the House recently and now pending in the Senate finance committee.

Mr. Klocksin and others have asked Chairman George of that group for hearings on the bill, but have received no assurances, it is understood. The finance committee is now engaged in social security hearings expected to continue until mid-March.

Pat on the Back from Doughton

Doughton, complimenting industry representatives upon working "harmoniously" with the Lynch subcommittee, suggested those two groups get together and discuss possibility of future hearings on permanent legislation.

Lynch admitted that "we cannot dispose of this matter when we are taking up this particular (tax revision) bill at this time." He suggested extension of the stop-gap measure to 1950, as Doughton did. If Monday's testimony was not sufficient, the latter said, "we can have more later on. We want to deal with the mater in the most practical and intelligent way we can." Lynch expressed thanks and appreciation of his subcommittee for the cooperation of industry representatives.

Besides Northwestern and Acacia representatives, other witnesses included Claris Adams, president Ohio State Life; Horace R. Bassford, vice-president and chief actuary Metropolitan; Bruce E. Shepherd, manager L.I.A.; and Nathaniel Seefurth, Northwestern Mutual agent at Chicago and chairman National Assn. of Life Underwriters committee on law and legislation.

ADAMS IS HEARD

Mr. Adams declared that while the plan proposed is labeled as a "tax upon companies" it is, in reality, a tax upon the policyholders of the nation. Such a recommendation, said Mr. Adams, is "apparently for the purpose of soaking the savers for the benefit of the spenders."

"On Feb. 3," Mr. Adams said, "the Secretary of the Treasury recommended to the ways and means committee the reduction of excise taxes on a number of items, including furs, jewelry, luggage, and toilet preparations. It was then proposed that a large portion of the revenue thus lost should be made up by shifting the burden of taxation from mink coats, diamond bracelets, steamer trunks and French perfume to life insurance policyholders and their beneficiaries. The apparent purpose is to 'soak the savers for the benefit of the spenders.' The tax proposed by the Treasury department is labeled a tax upon companies. However, it is a tax upon policyholders. The millions demanded by the Treasury department from life insurance can come from no other sources than the hard-earned savings of its policyholders, the orphan's pittance and the widow's mite."

Shows Where Premiums Go

Mr. Adams reported that in 1948, the last year for which figures are available, 99.61% of all life insurance income was used to pay policy claims, to set up reserves required to meet future liabilities, to defray necessary expenses of operation, to increase surplus to policyholders as an extra margin of safety, or to pay policyholder dividends.

Mr. Adams asserted that in life insurance, safety is always the paramount consideration, that the total capital and surplus funds of all life companies in the United States amount to approximately 7% of assets. This figure is fully adequate but obviously is not excessive. Prudent management could scarcely justify a substantially lower margin of safety against unforeseen contingencies, whatever tax penalty might be imposed upon institutional security. It follows, therefore, that whatever extra burden of tax is shifted from the sale of luxuries to the savings of the life insurance public, it must be borne directly by the policyholders in increased cost of their protection or reduced income to their dependents.

Not Tax Dodgers

"Life insurance companies are not tax dodgers," Mr. Adams declared, "and they are not tax evaders." In 1948, they paid $132 million in taxes to the several states. They paid more in 1949 and will pay still more in 1950. Furthermore in the recent past an overwhelming majority of the companies have agreed to pay income taxes for the years of 1947-8-9 although, under the revenue law, as it existed in those years, no tax was payable. These companies have willingly submitted to the doubtful principle of retroactivity, rather than lay themselves open to the charge of tax avoidance. Life insurance has never opposed, and does not now oppose, the payment of a reasonable tax, based upon principles properly applicable to the peculiar nature of its business and the unique character of the institution."

Mr. Adams emphasized that a tax measure affecting the vital interest of perhaps 80 million people, approximately 25 million of whom have incomes below the minimum level upon which federal income taxes are levied, should not be hastily enacted or lightly embarked upon. He pointed out that life insurance differs from other enterprises because all of its calculations are based upon long term contracts and the only true measure of its net income is a long term measurement.

He said few things make more difference to more people than the cost of insuring their lives for the protection of their families, and for their own security in infirmity and old age. Dependents living upon fixed insurance incomes are already the principal victims of the inflation, he said. They, too, are living on 60-cent dollars with no way to improve their situation.

"Sometimes I think they are the forgotten people at the bottom of the economic pyramid," he declared. "I hope that taxes taken from luxuries will not be placed upon their already burdened shoulders. I am sure that soaking the savers for the benefit of the spenders is not a legitimate part of a fair deal."

H. R. BASSFORD

Like Mr. Adams, Mr. Bassford stressed the unfairness of using any basis for taxation but the company's interest income. He said that while he did not object to the stop-gap bill as a temporary measure, he said that he hopes for a reasonable interest margin in time and that there should be a modification in the reserve allowance or in some other factor in the formula so that effect would be given to certain considerations not now recognized in the pending measure.

One of these, he said, is that the companies are already paying large state taxes for which they are not allowed any deduction in the federal income tax formula. These state premium taxes in 1948 were 180% of the taxable income as defined in the stop-gap bill. Hence, adding such taxes to the 38% federal tax, the companies are actually paying in taxes of both kinds more than 200% of their true taxable income. Ordinary corporations are allowed to deduct state taxes in their federal income tax returns but life companies get no such credit.

Another situation that demands further study, he said, is the one relating to taxation of annuities. In addition to

the proposed federal income tax on companies and to state taxes in many states on the annuity consideration, the annuitant as an individual pays a federal income tax when he receives the income. This latter tax purports to be a tax on interest income but some of the interest has already been taxed in the company's hands. Even more important, said Mr. Bassford, the formula for the individual income tax is defective and results in levying a tax on large portions of the individual's capital as distinct from interest.

Besides these inequities, there are some states which tax the holder of the annuity on its total value as intangible wealth. Now that pension plans are in the limelight, the time has come to reexamine the whole question of taxes on annuities, said Mr. Bassford, pointing out that unless this is done individuals or employers who seek to supplement through life companies social security or other government-provided pensions which are not subject to taxation will be burdened by inequities calculated to discourage them from such highly desirable provision for themselves.

How the interest allowance shall be determined, whether on an individual company basis or an industry-wide basis, or some in-between modification are difficult technical problems, he said, but are secondary to the central principle that the true income can only be derived from interest earnings and does not arise from policyholders' premiums.

Opposes Surplus Tax

As to Snyder's suggestion for taxing increases in surplus, Mr. Bassford pointed out that this often is mere replacement of surplus laid out in connection with acquiring new business and the plan certainly would not favor the younger, smaller companies which, in general, are growing faster than the large companies and therefore need to accumulate surplus faster.

Another bad feature of this plan, he said, would be in cases where large investment or mortality losses may have depleted surplus and it is of the greatest importance that it be rebuilt. On the other hand, an old, conservative well-established company which had reached the New York statutory 10% reserve limit would not need to make any additions to surplus and would pay no tax at all.

Mr. Bassford pointed out that as a matter of principle the surplus of a life company is different from that of a commercial organization and it is essential to have a safety fund over and above the legally required reserves to be able to withstand fluctuations in experience. It is just as necessary as the legally required reserves and must increase in some relation to them.

The afternoon session opened with only Lynch and Reed on the committee bench. Some other members drifted in later.

Mr. Klocksin spoke of his company's taxes paid at an average of $500,000 a year to the federal and state governments. Its lowest interest rate was 3.01% in 1948, 3.13 for 1949. Purchase of government securities has adversely affected return on company investments.

Urges Interest Basis

The problem of life company taxation is more complicated today, he said, than 30 years ago. Taxation of premiums is not income taxation, Mr. Klocksin said, and "you should retain only the investment income approach." Taxation for 1950 should be added to the Doughton bill, he said. Under that measure, he predicted, return to the government will increase.

Mr. Klocksin asked for more time for the life industry and indicated he expected it, in view of Doughton's statement.

"I express the hope you will be given more time," said Reed

"I am in accord with that," said Lynch, adding he thought something could probably be worked out with the companies.

"Total Income" Unsound

Mr. Shepherd said the total income approach is "unsound" because of the "fallacious assumption" that premiums should be considered as income. After giving an example of "one of the largest companies," he doubted the possibility of "controlling administrative difficulties," as suggested by Secretary Snyder, "and an attempt to prove it workable would be doomed to failure," he predicted.

Under the "company by company" approach, the witness said, many large companies would pay smaller taxes than some of their smaller competitors.

TWO TAX PLANS

Mr. Shepherd referred to two methods of taxation on that basis, and said an honest attempt had been made by the companies to develop a fair method of taxing the industry on a new basis. Until time can be found to make an adequate study, Mr. Shepherd suggested the stop-gap method be extended to 1950.

General Counsel E. J. Schmuck read a prepared statement for Acacia in support of the "company by company" method, that company also being represented by Lloyd K. Crippen, vice-president and actuary.

Mr. Seefurth said the Treasury proposal to tax installment payment of insurance proceeds would work inequities on policy beneficiaries and would be detrimental to the economy.

After reviewing briefly the history of taxation of life insurance proceeds, he said that under the Treasury proposal beneficiaries may actually get less than the full amount of proceeds. The example cited by the Treasury in support of its proposal, he indicated, was purely arbitrary.

"There is neither equity nor reason," Mr. Seefurth said, "in the view that a widow must pay a tax on a part of each monthly installment of $597 (as in the Treasury example) when she may live to receive only one installment, although she might collect $100,000 in a lump sum without payment of tax."

Would Upset Many Plans

The witness said a vast number of insurance programs would be upset by the Treasury recommendation. Millions of policies are on installment payment basis. Under the Treasury proposal many existing settlements would be cancelled. Many policyholders and beneficiaries would be disturbed. Net result would be to undo the advantage of the development that has caused families in this country to be the best protected in the world.

It would be unwise to reverse the policy of excluding insurance installments from income taxation, Mr. Seefurth declared. The committee should not consider doing an inequity of greater consequence than those recognized in the Doughton bill,the witness said. The matter should not be given hasty consideration apart from other questions affecting life insurance and annuities," up for consideration and pending.

In conclusion, Mr. Seefurth requested time to prepare and file a more complete brief "in support of our contention that section 22 (b) (1), internal revenue code, should remain in its present form."

Wants Doughton Plan Tried

Reed said it was his understanding the Doughton bill would be "put to trial and later on permanent legislation would be considered." Asking deferment of the hearing, he proposed to "get to the bottom and have it settled once for all."

Cooper said Robert L. Hogg, executive vice-president American Life Convention, had seen him a few days ago, but was told while the committee "wanted to be fair to everybody," it must go on with the calendar of life insurance witnesses.

Mr. Adams stated he appeared at request of A. J. McAndless, chairman of the joint life insurance committee they represent. Mr. Adams made it plain the Treasury suggestion to return to the old tax basis is "out," so far as he is concerned. The so-called "underwriting profit," which the Treasury suggested should be taxed, he characterized as a policyholders' refund. Such a levy would be a "tax on prudence," he said, like "taking the wise virgins, who saved their oil and letting the foolish virgins go."

AVERAGE VALUATION

The "average valuation" basis for tax is fair, the witness said, based on a sound principle, "which has support of 99% of the companies. For 1949 it will raise more money than you think it will," he added, "and a lot more than we hope."

"Why not give the Doughton bill a chance, instead of embarking upon unknown seas?" he asked. Both associations he spoke for are on record against differential tax treatment between two kinds of companies, he declared. Now, good, sound and safe companies are being organized, and "there are more Davids to each Goliath" than the congressional committee might think. Mutual companies have never asked for tax advantage in a highly competitive market, he said.

Only a Few Dissenters

Lynch brought out that under the company by company approach some would pay tax, some not. Mr. Adams said there are few dissenters to the general belief the industry-wide approach is fairer than any other method.

Curtis, quoting Snyder's recommendation of taxing underwriting profits, suggested "that is the real point between the companies and the Treasury."

Explaining the former's postion, Mr. Adams said so-called underwriting profit

(CONTINUED ON PAGE 24)

Sales Ideas and Suggestions

Describe Investment, Budget Approaches for Chicagoans

Walter N. Hiller, Penn Mutual, Chicago, a life member of the Million Dollar Round Table, who by his own admission is neither a spellbinder nor a master economist, proved he needed to be neither to hold the attention of an overflow crowd at one of the Saturday morning forums of Chicago Assn. of Life Underwriters. He interested his audience the same way he interests his prospects, through use of his own visual invention, the Hiller "Monthly Budget Guide." In addition to being a skillful manipulator of this handy device, Mr. Hiller proved that a nimble mind and a quick sense of humor are valuable assets to the life insurance agent.

Mr. Hiller's talk served as a complement to the description of seven approaches for use with Hiller guide, which is contained in the D.L.B. Agent's Service supplement for this month. The budget guide is marketed by The National Underwriter Co.

The budget guide is a slide rule which the prospect pulls out to his monthly income. The windows on the rule at the other end of the device will show him what the average family with this income pays for such items as food, clothing, shelter, etc., and life insurance. For example, a man with $500 per month earnings could be expected to devote $130 per month for food, $110 shelter, and $45 for life insurance, according to the guide, which has been developed from authorities on family budgeting. The guide covers those incomes between $200 and $700 a month. Mr. Hiller allowed that the rule will be obsolete by 1960 when President Truman has promised that every man will be making $12,000 a year.

Guide Increases Annual Sale

Mr. Hiller estimates that the device increases the average family income sale by 25% by showing a man what he should be spending for life insurance in his circumstances.

He regards his invention as a ticket to get into see prospects. Instead of walking around the block a few times to pick up courage and to try and think of some positive way to beard the prospect, Mr. Hiller walks right in and says, "I am Walter Hiller, I have here a device in which you may be interested. This will help you as it did your friend, Joe Doakes."

Mr. Hiller then hands the prospect the rule, advising him to pull the slide out to his income to see what he should be paying for his various budget items. Sitting clear across the room, the agent can tell by how far the slide is pulled out approximately what his prospect's monthly income is. This is the most important figure that the agent on the average case needs to know.

As does everyone else, Mr. Hiller indicated that he came across a good many men who want to discuss life insurance in the company of their wives. The budget rule is perfectly adapted for such a situation. The husband and wife get to comparing their budget items with those which appear on the rule and seeing how they match up with it. It is seldom that one comes across a prospect who is paying out premiums for life insurance that match those figures which appear on the rule.

The budget rule acts in these family interviews as a potent reminder to the wife of the various continuing budget items with which she would be faced if she became a widow. Many a wife who was inclined before to accept her husband's word for it that she could get along on $100 a month in life insurance proceeds, sees when she reviews the budget items that actually it would cost her $300 a month for the necessities of family life. This is the point where Mr. Hiller claims to raise the average sale.

Mr. Hiller described another situation where the budget rule proved valuable. A young man about to be married approached an agent and said he wanted $5,000 of life insurance. Following his general agent's advice, the agent had the application signed and the man passed before asking any questions, but then he inquired of his prospect how he knew that $5,000 ordinary life would fill the bill. It turned out that, as usual, the prospect had no definite way of gauging his life insurance needs and replied, "Oh, I just figured I needed $5,000 more for my wife, it seemed like a good round figure."

The Hiller-armed agent then recognized his cue to step in and say."As a married man you will need some scientific way to buy and to budget. Here is a slide rule which will give you and your new wife the answers." The young prospect liked to be given such a track to run on. The guide led to the bridegroom's buying more coverage. The agent signed up the shopper as a permanent client.

The Investment Approach

Francis W. Morley, Jr., Northwestern Mutual, Chicago, outlined the investment approach which has won for him a good many big cases in the three years he has been with the Todd agency at Chicago. Soon after he entered the business, Mr. Morley began to see that, whereas men are vitally concerned with making money, they give little thought to the conservation of this money. He saw that in this day of low interest rates and grinding taxation, a man must employ his dollars judiciously if he is ever to accumulate any funds for his retirement.

Mr. Morley described his approach as pure economics rather than insurance. His sales are predicated upon his ability to open up for the prospect a new and better avenue for a return on his money. He demonstrates that people investing in governmental bonds are attempting to accumulate a competence the hard way. Equal security at better interest is offered by life insurance. The life insurance investor does not have to watch maturity dates for fear of losing interest. In case of disability, financial or physical, the life insurance investor can borrow on his insurance or, through waiver or premium, be possessed of a self-completing investment, Mr. Morley said.

In an interesting comparison, Mr. Morley showed that a man in the 40% tax bracket who devotes $3,000 a year to the purchase of series "E" U. S. Savings bonds for 10 years, would find at the end of that period he had accumulated an actual cash estate value of $43,852. If this same man were to put the $3,000 annually into $40,720 worth of 10-pay life, at the end of the period, the prospect would be in possession of life insurance with a total estimated paid up value and estate value of $53,313. By the re-routing of investable dollars into a life insurance contract, the prospect receives if he elects to take income at 55, 12.05% excess income; at 60, 14.41% excess income, and at 65, 18.87% excess income, as compared to his present bond investment portfolio.

The theme of the third speaker, Glenn W. Isgrig, manager for Reliance Life at Cincinnati, was that the good insurance man always puts on a good show. Mr. Isgrig followed his own advice, keeping his audience on the ropes with a string of Hoosier jokes and dialect stories and personal experiences which made it easy to see why a sales interview from Isgrig would be better than television. In order to put on a good show, Mr. Isgrig made it clear that the life agent needs a good audience—that is, a list of prospects who are able to qualify. In this connection, he warned that too many agents are too interested in proving why their acquaintances are disqualified as prospects.

Mr. Isgrig advised his hearers when facing a prospect to "stir him, soothe him and satisfy him." He charged that the agent has the duty to point out to a man that he has no right to be happy unless he has made provision for his family.

Victor Harding, of Whyte, Hirschboeck & Minahan, attorneys, spoke on "What the Accountant Should Know About Employe Benefit Plans" at a dinner meeting of the Milwaukee chapter of Wisconsin Society of Certified Public Accountants.

Protective Names Four G.A.s

Protective Life has appointed the following general agents: Cabell Lowe, Asheville, N. C.; Corey Feming, Fairmont, W. Va.; George Herber, Waco, Tex., and A. R. Seale, Greenville, S. C.

Robert K. Trapp, home office group representative of John Hancock, will conduct a course on group insurance and pensions at City College of New York school of business. The 15-week course starts Feb. 20 and will be conducted on Monday evenings.

George F. B. Smith, vice-president in charge of agencies of Connecticut Mutual Life, has been named president of the Hartford Better Business Bureau. **W. Ross McCain,** president of Aetna Fire, is vice-president of the bureau.

LEGAL RESERVE FRATERNALS

Urges Fraternals to Launch Offense on Welfare State

By DONALD J. REAP

A call for fraternalists to band more closely together among themselves and with commercial insurers to beat off the threat of the welfare state and socialized insurance was made by Sam H. Hadley, supreme president of Protected Home Circle, at the annual meeting of New York State Fraternal Congress. "The best defense is a strong offense," he said, "Now is the time for us all to launch such an offense."

S. H. Hadley

He emphasized that fraternalists have friends in every nook and corner of every state and that these made up for the comparative lack of the great funds of commercial insurers. When fraternalists are needed in an enterprise essential to the industry, "our influence is felt," he said. "We just do not tell our story strong enough or we would be sought the more."

Stanley Czaster, Polish Union of America, was elected president succeeding C. W. Rhodes, Workmen's Benefit Fund. Other officers are E. R. Deming, Jr., Unity Life & Accident, 1st vice-president, and Samuel A. Gilbert, Independent Order of Foresters, 2nd vice-president. L. J. Bayley, Unity Life & Accident, was reelected secretary-treasurer. Warren Benedict, Modern Woodmen of America, legislative consultant and adviser, continues in that capacity.

Grass Roots Strength

Tribute was paid the grass roots strength of fraternal societies by J. Howard Oden, president of North American Reassurance. The high principles of fraternalism should have a great influence in strengthening the moral fiber of the nation, he said. His talk dealt with the problems of the reinsurance business.

The long run trend in public utility investments is very good, Harold H. Young of Eastman, Dillon Co., said. He noted that they are expanding their services, and though the interest yield on securities has lately turned down, their financial stability never looked better.

In a talk illustrated by slides, John J. Gill, field training supervisor Metropolitan Life, outlined the reasons why the average family head buys insurance. Basically a man buys life insurance for himself and his family, he said. They are his greatest motivation. Because each prospect has a different problem he should be encouraged to talk about it. The insurance man can help him clarify his problem and work out a solution. When the job is done well, the prospect is truly grateful for the help, he said.

De E. Bradshaw, chairman, Woodmen of the World, Omaha, discussed investments. Among the resolutions passed was one supporting enactment of a bill in the state legislature to extend the type of investments authorized for insurers.

W. C. Gould, chief of the New York department mutual and fraternal bureau, spoke of the advisability of diversification among industries and of placing security ahead of yield as the prime consideration. However, he said he was not concerned about the security of investments made thus far.

De Mian Heads New Office of Maccabees at Newark

Maccabees has opened a new office at Newark under Harold De Mian, who has been brokerage manager at New York City. Mr. De Mian has been in the business for more than 20 years, having joined Aetna Life at Brooklyn.

HAROLD DE MIAN

He is active in New York City Life Supervisors Assn. and in the agents associations in New York City and Northern New Jersey. During 1949 his unit at New York led the company in production.

Mrs. Gertrude Mark, Milwaukee, formerly secretary-treasurer of the Germania Mutual Life, recently consolidated with the Equitable Reserve of Neenah, Wis., has been elected secretary-treasurer of Loise Mark & Associates, Milwaukee advertising agency.

Aid Assn. Hits Volume Peak

Aid Association for Lutherans had a 1949 volume of $58,144,293, an increase of $531,716, and a new record in volume. Insurance in force at Dec. 31 was $510,112,399, up $47,184,057. Lapses continued low. Assets rose to $117,791,956, up $12,129,639. Net interest earned on invested funds was 4.07% as against 4.17% in 1948. Total income on invested funds in 1949 was $4,529,955 as against $4,079,172 in 1948. Mortality continued favorable.

SALES MEETS

Bankers of Neb. G.A.s Confer

General agents of Bankers Life of Nebraska met in Lincoln for their annual conference under the direction of C. H. Heyl, agency vice-president. It was devoted to 1950 plans for the field organization. Other speakers on the program included J. H. Ames, vice-president and actuary; E. S. Wescott, agency assistant and sales promotion manager; W. E. Price, chief underwriter; S. R. Purtzer, agency assistant and statistician; H. P. Seward, assistant secretary; and H. W. Fouts, agency assistant and supervisor of training.

C. H. Heyl

Opening the conference, H. S. Wilson, president, spoke of the mutualization of Bankers Life, which was completed as of Jan. 1. He pointed out that only the formal policyholders meeting, scheduled for Feb. 22, remains to complete the mutualization plans started in 1940.

Home of Phila. Meets

District managers of Home Life of Philadelphia met there to discuss plans for 1950. President D. J. Walsh announced that the man-of-the-year award for 1949 had been won by the late Edwin H. Stahl, former district manager at Easton. The company gained $8,476,171 in insurance in force, bringing the total to $232,055,421 of which $118,426,337 was ordinary. Assets are $39,525,915, up $3 million. The company is changing its field supervisory titles from superintendent and assistant superintendent to district manager and field manager, respectively.

Guardian Managers Meet

Thirteen managers of Guardian Life attended a management conference at the home office. It was conducted by Frank F. Weidenborner, agency vice-president; John C. Slattery, director of public relations and George L. Mendes, agency director, who discussed the company's over-all management objectives in 1950. The managers also visited operating departments at the home office and conferred with company officials on field management problems.

Miami Beach Is Site

The zone 3 meeting of National Assn. of Insurance Commissioners is to be held at Delano hotel, Miami Beach, March 29-31 and not at Raleigh hotel, Miami, as was erroneously stated in the last week's edition.

Mutual Benefit's Top Producers Elect Groenke

Robert Groenke of Cincinnati has been elected president of "national associates," Mutual Benefit Life's top 25 agents. Sidney Weil, also of Cincinnati, again becomes vice-president because of being volume leader. John D. Hibbard, Grand Rapids, is the third member of executive board because he was last year's president.

New members this year are E. P. Faber, Brooklyn, H. M. White of Chicago (Cook), Glenn Rifenberg, Grand Rapids, C. R. Coleman, Kansas City, E. G. Robbins, Lexington, H. O. Harwell of Los Angeles and David Adelman and Daniel Spooner of New York (Huber).

Life membership involves qualifying three times within five years. New life members are C. W. Perry, Buffalo, J. H. Frost, Denver, O. F. Hamlin, Detroit, and W. T. Larsen, Newark.

National associates produced a total of $25,097,534 during 1949. The lives average for the group was 85.

International Claim Assn. Picks Committee Chairmen

International Claim Assn. has named E. J. Bohne, Equitable Society, chairman of the program committee for the annual meeting at White Sulphur Springs, Sept. 18-20. Frederick T. Bernhard, Home Life of New York, succeeds Mr. Bohne as chairman of the public relations committee.

J. N. Cunningham, Crown Life, a past president, has been appointed chairman of a new special review committee that was formed to review the activities of all the committees.

Other committee heads are: Ralph T. Heller, Prudential, group; L. E. Carter, General Accident, personal A. & H.; William J. McBurney, Prudential, life; A. G. Fankhauser, Continental Casualty, medical conference; H. S. Don Carlos, Travelers, lay adjusters; Edwin Linthicum, Jr., Travelers, entertainment; O. D. Welch, Kansas City Life, transportation; Roland W. Pierce, Philadelphia Life, auditing; Elizabeth V. Doogan, U. S. Life, law.

Malone Denies That He Plans to Resign Post

HARRISBURG—Commissioner Malone denies that he is planning to resign because of Pennsylvania's muddled Republican political situation.

The resignation reports started when Malone, who is Republican chairman for Allegheny county, came out for Jay Cooke, Philadelphia, as his choice as the organization-backed candidate for the GOP nomination for governor next fall.

Governor Duff, who has the power to dismiss Malone at any time, is reputedly not in favor of Cooke as a candidate.

Don't Let Benefit Get Out of Line

(CONTINUED FROM PAGE 3)

approved. Potential beneficiaries can be expected to press claims with vigor "as a matter of right" in return for the payment of payroll taxes, he declared, and once on the benefit rolls persons can be expected to resist going back to work again, especially if their abilities are of the marginal type. Complicating the problem, he added, would be the fact that the whole program would be administered by government and hence would be extremely difficult, if not impossible, to separate from political control.

Mr. Linton opposed the proposal to pay a lump sum death benefit as a funeral expense provision for everyone covered under the act. A very large proportion of those in covered employment, he declared, have already made provision for contingencies through their own voluntary action in a great variety of ways, such as savings accounts, government bond purchases, and life insurance. "We see no justification for government entry into this field of insurance except under a political philosophy which justifies its entry into all other forms of private enterprise," he said.

Wants Increment Dropped

He urged that the automatic annual increases in the basic benefit formula be dropped because of its heavy cost and because it has no proper place in a social insurance system. He likewise favored retention of the $3,000 annual wage base in the present law, as against the $3,600 annual base proposed in H.R. 6000, to avoid windfalls for those in the higher income brackets. Liberalization of the basic benefit formula in itself provides sufficient increases in benefits, he stated.

Mr. Linton was critical of the proposal for further liberalization of the formula by which federal grants-in-aid are made available to states for public assistance as containing inherent possibilities of "exceedingly unwholesome developments." Proposals such as these, he stated, tend to encourage the growth of the assistance program and are thus contrary to the sound principles guiding those responsible for the original social security legislation and its objectives.

Answers Four Questions

Under questioning by Senator Byrd, Virginia, concerning the recent Brookings Institution report on social security cost and financing, the witness summarized four possible solutions of the old-age problem suggested in that report and his comments thereon as follows:

1. Pay on a needs test. "I don't believe that will work."
2. A level benefit to everybody. "That would not work in this country."
3. A benefit figure representing "comfortable living". "A mistake."
4. All persons should receive minimum benefit to be increased by wage records. "That would treat the old-age problem as a whole."

Answering his question, "How could it (No. 4) be worked out under H.R. 6000 (the House bill)", Mr. Linton analyzed the problem as follows:

Details of Plain Listed

First step would be to extend coverage to gainfully employed persons to maximum extent possible. They would begin paying payroll taxes just as soon as practicable.

New element in proposed plan would be to extend OASI benefits to all present retired persons over age 65. Retirement would be determined by an earning test, e.g., those earning over, say, $35 a month would have their benefits reduced by the excess above $35. Those with no wage credits in covered employment would receive $25 a month, the minimum in H.R. 6000.

The minimum for retired worker with wife 65 or over would be $50 a month. For those with credited wage records apply the OASI formula, providing however for the minimum of $25 per month—$50 per aged couple as above. These payments would replace all federal grants to states for old age assistance. States could add anything they desired as at present. Existing OASI beneficiaries would have their benefits recomputed on the new basis.

However, after a certain time, say five years, only those who had been in covered employment would be eligible for benefits. With universal coverage, very few would be left to be taken care of by the states on an assistance basis. Benefits under the proposed plan would be paid out of current OASI income.

Rough estimates indicate that the cost of OASI, including the new benefits to those not qualified on basis of wage records, would be within the current 3% payroll tax receipts. The OASI payments would relieve general revenues of all payments for old age assistance.

Growth of present reserve fund of $11.5 billion would be substanially checked after benefits as suggested had begun to be paid. The eventual yearly cost of benefits under OASI would differ little from the cost if present aged were not brought under coverage.

The same type of change would be made in computing survivor's benefits, both for present and future beneficiaries. Non-working widows with children under 18 would be paid benefits upon application. Likewise, for dependent children, when mother is not living. The availability of these as well as the new old age benefits would, of course, be widely publicized. This plan would replace federal grants to states for aid to dependent children. The abuses developing in this area have previously been described.

Advantages of Plan

The plan would solve many of problems now so disturbing under old age assistance and aid to dependent children. It would remove the shadowy, unreal distinction between those who now do not qualify for benefits and those who do qualify by paying payroll taxes of insignificant amount. This working generation should begin doing for the present aged what we are attempting to commit their children to do for them when they are aged and dependent. That would put a salutary brake upon impulses to promise more than can safely be delivered. If benefit levels should be raised we, here and now, would have to find the money to pay the bill.

The plan would release funds in many states thus enabling them to provide more adequately for other types of need, for example, disability.

Disadvantages are these: Political pressure to increase the minimum level of protection; the offset to this would be the necessity of finding the money to pay the added cost; possible pressure to substitute some other tax for the payroll taxes. The offset to this is that payroll taxes are accepted now because there is a direct personal benefit to be realized from paying them. The earnings upon which they are based provide the measure of the benefits to be received. This is a great advantage in a country like ours where the variations are so great that a uniform benefit plan would be utterly out of place.

Contest Phila. Tax

Robert Dechert, general counsel Penn Mutual, appeared for the Corporate Fiduciaries Assn. to contest the validity of the amendment, which broadened the base of the city's income tax ordinance to include earned income of corporations. He said that state law precluded the application of the tax to insurance companies. Several of the lawyers indicated their belief that the increase on earned incomes could be upheld even though the rest of the tax was invalidated.

Domestic insurance companies already pay the corporate net income tax and do not come under the ordinance, his brief said. They also pay a premium tax, as do foreign insurers. Mr. Dechert said that the gross premium tax was a tax on the property of foreign insurers in the same way that the Philadelphia income tax was on the property of the companies. State law prohibits the city from levying the income tax on the property of the foreign insurers, already taxed by the state through the gross premium tax, he contended. A decision is expected in a few weeks.

Western States Wins Suit

Western States Life has won a trial court judgment in a North Dakota suit brought by a beneficiary, Lillian C. Jordan. The insured was killed in a private plane crash while fox-hunting from an airplane. The beneficiary contended that the contract violated the North Dakota statutes because the incontestability clause provided by statute was enlarged to include aviation hazards and because of the inclusion of the aviation exclusion rider.

The court held that even if it should accept the beneficiary's theory that the contract was illegal, she could not receive more than the insurer had offered—return of all premiums paid with compound interest. The court pointed out that where parties enter into a contract that is contrary to law, the courts will refuse to enforce such a contract and will place the parties as near as can be in the same position they were in before the contract was entered into.

Seek W. Va. Uniformity

The managers of the non-profit hospital service corporations of West Virginia met at Charleston with Commissioner Crichton to discuss the use of a uniform contract by the various non-profit plans.

A committee headed by William Morel of Wheeling, manager of that city's Blue Cross plan, has been working on a draft of the proposed uniform contract. Mr. Crichton said a standard contract will not mean that the benefits under each Blue Cross plan contract will be the same.

B. N. Woodson, executive vice-president of State Life of Indiana, was principal speaker at the annual meeting and election of officers session of the Indianapolis Community Fund.

Public Is Still Self-Reliant; Clark

(CONTINUED FROM PAGE 7)

at the head table at the President's Club dinner, given to the district leaders by Mr. Clark.

Members of the President's Club numbering 425 were at the convention, which opened with the company's annual meeting.

Speakers besides Mr. Clark were Vice-president Clarence W. Wyatt, Vice-president Robert P. Kelsey, 2nd Vice-president Harold A. Garabedian, former Governor Ely of Massachusetts, and Dr. Daniel L. Marsh, president of Boston University and a director of the Hancock.

Trophy to Schleyer

The president's trophy for outstanding performance was presented to District Manager Morris Schleyer of the South Philadelphia district agency. Presidential citation for the regional territory leading in president's trophy points was presented to southern New England.

Presidential citations for excellence in 1949 were awarded to 45 agencies.

Hoboken led in group for 1949 and San Antonio won the pioneer award, presented annually to the leading district in development of new territory. Also cited for outstanding performance among pioneer districts were Harrisburg and Dallas.

Wyatt Gives Group Figures

John Hancock had in force at the close of 1949 group life insurance amounting to $2,042,280,738 on nearly a million employes, covered under 3,281 master policies, said Mr. Wyatt. Group casualty coverages also showed a substantial gain with premiums received in 1949 amounting to over $23½ million. This is in addition to nearly $25½ million 1949 premiums on group life, bringing the entire 1949 group insurance premium income to approximately $49 million.

Group annuity premium income in 1949 exceeded $64½ million, up about $9½ million. This brings group annuity reserves to more than $320 million.

New individual insurance and annuity policies issued under pension trust plans involved annual premiums of over $3,716,000 and a life insurance volume of more than $15 million.

Mr. Wyatt mentioned the inauguration of a plan of group term and paid-up life insurance and the offering of group coverages to smaller groups than heretofore. "A development in which we are especially interested," said Mr. Wyatt, "is the special surgical operation benefit plans sponsored in some states by the local medical societies."

KELSEY'S TALK

Mr. Kelsey said public relations is simply the art of getting along with people—"one which all good life insurance men understood long before any of the present day public relations experts were born." He outlined a day in the life of a district agent—the various contacts he made with a number of different types and classes of people, and showed how his attitude and behavior qualified him as a good public relations man.

"In the same sense," he pointed out "but to a different degree, an insurance company makes an impression. People react positively or negatively to its every word and action."

Sales in Drive Set Record

A record breaking six weeks' production by the district organization was presented to Mr. Clark by Mr. Anderson. Production amounted to $140 million and compares with the organization's previous all-time high for a comparable period of $115 million.

In 1949 John Hancock district agencies had a combined production of ordinary, industrial and group of $687,281,477. Combined per capita production, excluding group, was $140,000 compared with $136,000 in 1948.

Long Range Tax Plans Debated

(CONTINUED FROM PAGE 20)

is policyholders' money," unless the company makes a higher rate of interest than expected. Surplus is not profit. There is no profit, except excess interest, unless and until the policyholder's money is allocated to some other policyholder."

Mr. Adams said stock companies should pay tax on profit. It is 10 or 15 years before a company knows whether it makes money. In the 1918 flu epidemic, "life insurance was fortunate because it straddled Dec. 31." If it had not, the industry's showing would have been much worse.

When Doughton asked Mr. Adams whether he objected to life companies paying tax, the latter replied he did not; he had favored it and favors it now, but thought the Doughton bill should be allowed to operate a year or two.

Doughton said even if excise taxes are not reduced, "we still need all the revenue we can get," in view of the $5 billion deficit. He pointed out that while the commitee always listens and gives consideration to Tresury recommendations, "it acts on its own judgment."

LONG TERM CONTRACT

In reply to a question, Mr. Adams said the $1½ billion reported income of life companies includes interest on reserves. "There is no profit in life insurance that can be measured from year to year," he said. "It is a long-term contract."

During Mr. Bassford's testimony, Reed asked for a breakdown of 80 million policyholders as between ordinary and industrial, which the witness promised to supply for the record.

Mr. Adams recommended re-examination of the question of taxing annuities, referred to inequities operating against them, and said they are in a bad way from a tax standpoint.

"Why can't life companies deduct state taxes they pay?" Reed asked.

While the witness said he did not know, he assumed it is because of the special formula applying to them. To apply the 38% federal income tax "does not seem reasonable," he said.

Reed brought out state taxes have increased recently. "They never go down," Mr. Bassford commented.

In response to question from Lynch, the witness agreed the Doughton bill should be carried over another year. He characterized the Treasury proposal as "arbitrary."

"Any money the government gets from the companies is paid by the policyholders," Simpson, Pennsylvania, commented. "Any tax paid means increase in premiums."

Mr. Bassford said the Treasury proposal is "not tied to the experience of the companies."

"Have you anything concrete to suggest?" Doughton asked.

"Up to date, I believe your bill is the best developed," replied Mr. Bassford. "That may go wrong. It may have to be examined again." He suggested some modification should be made with respect to annuities.

"The most encouraging thing," said Doughton, "was the attitude of the companies that they should pay taxes."

"We were embarrassed by not having to pay," said Bassford. He stated that life companies are paying higher taxes than most financial institutions. In future the Doughton bill might produce very high revenue, and be unfair. Before 1921 the companies paid tax on total income, but that method was abandoned as impracticable.

W. T. Craig to Be Partner in Aetna's Los Angeles Agency

W. Thomas Craig, general agent for Aetna Life at Cincinnati, will join the W. M. Hammond agency at Los Angeles as a partner on May 1. The agency will be called Hammond & Craig.

W. Thomas Craig

Mr. Craig started in insurance as a group representative for Aetna at Atlanta and later was at Little Rock as group manager. He went to Chicago as manager of the group department there and became group field supervisor in 1934. In 1937 he was made assistant general agent at Boston and three years later general agent at Cincinnati.

Mr. Craig is a former president of the Cincinnati and Ohio life underwriters associations and the Cincinnati managers. He is chairman of the general agents' and managers' committee of the National Association of Life Underwriters. He won this year for the third consecutive time, the Aetna Life president's trophy for outstanding agency performance.

Mr. Hammond, who on April 1 will observe his 25th anniversary as general agent at Los Angeles, entered the insurance business in 1915 at Chicago. A past president of the Los Angeles Life Managers Club and the Los Angeles Life Underwriters Association, he has been awarded the Aetna Life president's trophy six times.

Human Relations Unit Is Set Up by L.I.A.M.A.

New chairmen of L.I.A.M.A.'s functional committees have been appointed by Sam E. Miles, Provident L. & A. president of the association.

A committee on human relations has been formed to consider the entire field of human relations in Canadian and American business, study the principles and methods for building and maintaining morale, and relate these studies to life insurance agency management. Dudley Dowell, New York Life, is chairman.

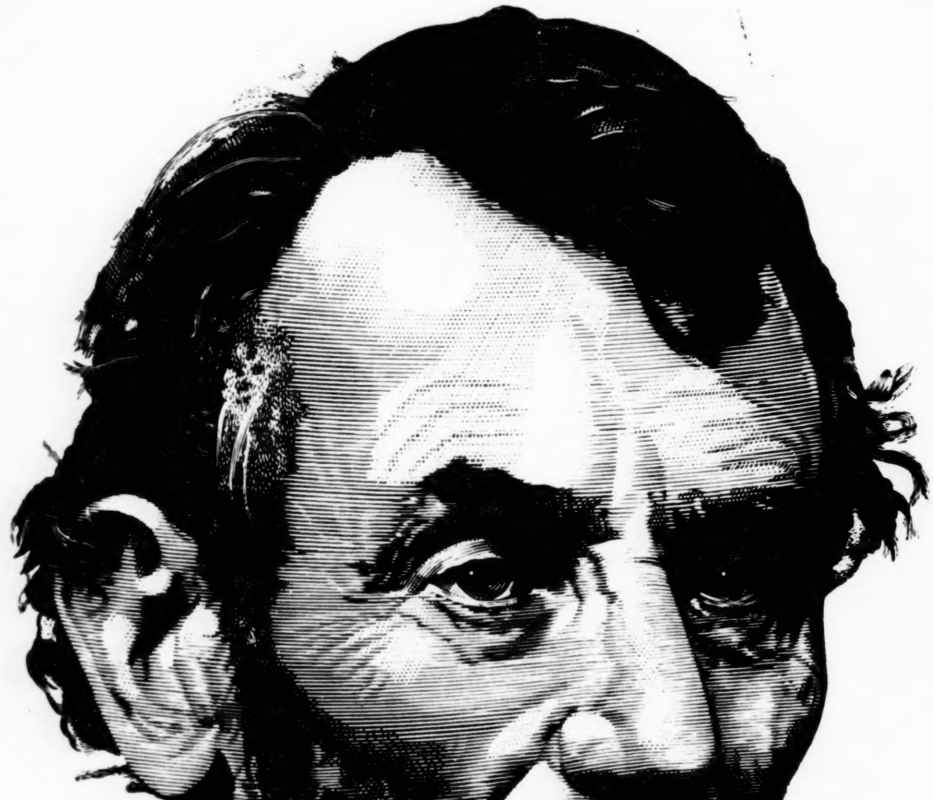
Agency costs chairman is W. Rankin Furey, Berkshire; agency management training advisory, Olen E. Anderson, John Hancock; annual meeting, D. Bobb Slattery, National Life; audit, George W. Skilton, Connecticut General; Canadian companies, M. K. Kenny, Excelsior; compensation, Roger Hull, Mutual Life; cooperation with other organizations, Richard B. Evans, Colonial.

Also: education and training, Ray E. Fuller, Equitable of Iowa; field personnel, Vincent S. Welch, Equitable Society; finance, W. R. Jenkins, Northwestern National; life underwriter training council, Benjamin N. Woodson, State Life; membership, H. S. McConachie, American Mutual; nominating, Frank L. Barnes, Ohio State; public information, Richard E. Pille, Mutual Benefit; quality business, George F. B. Smith, Connecticut Mutual; relations with universities, Sayre MacLeod, Prudential; research advisory, J. A. McAl-lister, Sun Life of Canada.

Three chairmen will continue until annual conferences of their groups are held this spring. They are: John W. Sayler, B.M.A., A. & H.; Malcolm C. Young, John Hancock, combination companies, and W. H. Trentman, Occidental of North Carolina, small companies.

Charles J. Zimmerman, assistant managing director of L. I. A. M. A., has been appointed to a two-year term as chairman of the Dartmouth College Alumni Fund.

Its Name Indicates Its Character



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This LNL ad appears in SATURDAY EVENING POST, February 11 and LIFE, February 13